

of the Shipstead agricultural bill; to the Committee on Agriculture.

627. Also, resolution from the Little Falls Township United of the Morrison County (Minnesota) Farm Bureau Association, for the continuation of farm agents; to the Committee on Agriculture.

628. By Mr. KVALE: Petition of Veterans of Foreign Wars, Post No. 1562, Faribault, Minn., favoring parity of naval armaments of the United States with other countries; to the Committee on Naval Affairs.

629. Also, petition of Raymond Dewane, of Morris, Minn., favoring revaluation of the gold ounce; to the Committee on Coinage, Weights, and Measures.

630. By Mr. LINDSAY: Petition of the Associated Cooperage Industries of America, St. Louis, Mo., opposing the 30-hour week bill in the cooperage industry; to the Committee on Labor.

631. By Mr. MAPES: Petition of Grand Rapids League of Catholic Women, Grand Rapids, Mich., Mrs. E. J. Marin, chairman of legislation, protesting against the equal-rights amendment; to the Committee on the Judiciary.

632. By Mr. O'MALLEY: Memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to enact legislation requiring all shipments of coal in interstate commerce to be accompanied by a sworn statement of the shipper, specifying the percentage of the ingredients and other qualities of the coal which affect its heating value, including the British thermol units per pound when the coal is dry, the percentage of ash when the coal is dry, the percentage of sulphur when the coal is dry, and the volatile matter in the coal; to the Committee on Interstate and Foreign Commerce.

633. Also, memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to take prompt and favorable action on the farm relief bill which has been presented to the Congress by President Roosevelt; to the Committee on Agriculture.

634. Also, memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to provide the necessary machinery and credit to make possible loans to the financial institutions having frozen assets upon satisfactory collateral; to the Committee on Banking and Currency.

635. Also, memorial of the Legislature of the State of Wisconsin, urging the Postmaster General to issue a series of special stamps in commemoration of the three hundredth anniversary of the white man's discovery of Wisconsin; to the Committee on the Post Office and Post Roads.

636. By Mr. RUDD: Petition of the Associated Cooperage Industries of America, opposing the passage of the 30-hour work week; to the Committee on Labor.

637. By Mr. SMITH of West Virginia: Memorial of the Legislature of the State of West Virginia, memorializing Congress to pass such legislation as will permit the Federal Government to acquire lands on headwaters of Ohio and Potomac Rivers, for the purpose of flood control; to the Committee on Flood Control.

638. Also, memorial of the Legislature of the State of West Virginia, relating to the allocation of Federal relief funds appropriated under the Federal Reforestation and Flood Control Unemployment Relief Act; to the Committee on Flood Control.

639. By the SPEAKER: Petition of Board of Supervisors of Mason County, Ill., requesting that the garden-seed supply be allocated by the Illinois Emergency Relief Commission; to the Committee on Agriculture.

## SENATE

SATURDAY, APRIL 22, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

Mr. BRATTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	La Follette	Robinson, Ind.
Ashurst	Couzens	Lewis	Russell
Austin	Cutting	Logan	Schall
Bachman	Dickinson	Loneragan	Sheppard
Bailey	Dieterich	Long	Shipstead
Bankhead	Duffy	McAdoo	Smith
Barbour	Erickson	McCarran	Steiwer
Barkley	Fletcher	McGill	Stephens
Black	Frazier	McKellar	Thomas, Okla.
Bone	George	McNary	Thomas, Utah
Borah	Glass	Murphy	Townsend
Bratton	Gore	Neely	Trammell
Brown	Hale	Norbeck	Tydings
Bulow	Harrison	Norris	Vandenberg
Byrd	Hastings	Nye	Van Nuys
Byrnes	Hayden	Overton	Wagner
Capper	Hebert	Patterson	Walcott
Caraway	Johnson	Pittman	Walsh
Clark	Kean	Pope	Wheeler
Connally	Kendrick	Reed	White
Coolidge	Keyes	Reynolds	
Copeland	King	Robinson, Ark.	

Mr. REED. I wish to announce that my colleague [Mr. DAVIS] is still necessarily detained from the Senate on account of illness.

Mr. LEWIS. I wish to announce that the Senator from Washington [Mr. DILL] is necessarily detained from the Senate. I ask that this announcement stand for the day.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

### THE LATE SENATOR HOWELL, OF NEBRASKA

The VICE PRESIDENT laid before the Senate a note of appreciation, addressed to the Secretary of the Senate, from Mrs. Alice C. Howell, expressing thanks for flowers sent and courtesies extended by Senators upon the occasion of the death of Hon. Robert B. Howell, late a Senator from the State of Nebraska, which was ordered to lie on the table.

### CHAIN STORES: SALES, COSTS, AND PROFITS OF RETAIL CHAINS (S.DOC. NO. 40)

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Federal Trade Commission, submitting, pursuant to Senate Resolution 224, Seventieth Congress, a report relative to sales, costs, and profits of retail chains, which, with the accompanying report, was referred to the Committee on the Judiciary and ordered to be printed.

### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the Territory of Hawaii, which was referred to the Committee on Territories and Insular Affairs:

#### Senate Concurrent Resolution 6

Concurrent resolution memorializing the Congress of the United States of America to enact legislation to provide pay and allowances for the adjutant general of the Territory of Hawaii

Whereas the act of Congress of June 3, 1916 (ch. 134, sec. 66, 39 Stat. 199), provides for the appointment of the adjutant general of the Territory of Hawaii by the President of the United States of America; and

Whereas the adjutant general of the Territory of Hawaii is an officer of the United States; and

Whereas the Congress of the United States of America appropriates annually a sum of money for the support of the National Guard of the United States: Now, therefore, be it

Resolved by the Senate of the Territory of Hawaii, seventeenth regular session (the house of representatives concurring), That the Congress of the United States of America be, and it hereby is, urgently requested to provide, by appropriate legislation or otherwise, the same pay, subsistence, rentals, and transportation for the adjutant general of the Territory of Hawaii as officers of corresponding grade of the Regular Army are or may be entitled to by law; and be it further

Resolved, That duly authenticated copies of this resolution be transmitted to the Delegate to Congress from Hawaii, the Secretary of War of the United States, and each of the two Houses of the Congress of the United States of America.

THE SENATE OF THE TERRITORY OF HAWAII,  
Honolulu, T.H., April 5, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on March 31, 1933.

GEO. P. COOKE,  
President of the Senate.  
ELLEN D. SMYTHE,  
Clerk of the Senate.

THE HOUSE OF REPRESENTATIVES OF THE  
TERRITORY OF HAWAII,  
Honolulu, Territory of Hawaii, April 5, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on April 5, 1933.

HERBERT N. AHUNA,  
Speaker House of Representatives.  
EDWARD WOODWARD,  
Clerk House of Representatives.

The VICE PRESIDENT also laid before the Senate a letter from Charles M. Thomas, chairman committee on economics, Federation of Civic Associations of the District of Columbia, relative to proposed curtailment of appropriations for the public schools of the District of Columbia, which was referred to the Committee on Appropriations.

He also laid before the Senate two petitions signed by 40 citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate 2 memorials and 6 letters and 2 telegrams in the nature of memorials, signed by 1,480 citizens of the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

Mr. ASHURST presented the following memorial of the Senate of the State of Arizona, which was referred to the Committee on Banking and Currency:

Senate Memorial 2

To the Senate and House of Representatives of the Congress of the United States:

Your memorialist, the Senate of the Eleventh Legislature of the State of Arizona, respectfully represents:

Whatever its origin, the economic depression from which the Nation is suffering owes its continued existence to the withdrawal from circulation, for reasons which will not here be reviewed, of a great portion of the national currency and of the various forms of money credit.

This shortage of currency and of money credit must be relieved before prosperity can return.

There must be an expansion of the Nation's circulating mediums of exchange—an expansion which will not increase the burden of taxation.

The bonded debt of the United States, in round figures, is \$21,000,000,000, an indebtedness which is costing the taxpayers approximately \$1,000,000,000 per annum.

It is withholding from circulation a vast sum of money which otherwise would be invested in employment-making, business-stimulating enterprises.

Wherefore your memorialist urges that the Congress enact legislation (and the submission of a constitutional amendment if necessary) looking to an increase of the national currency in the amount of the national bonded debt; that a date be fixed on which the interest on United States bonds will cease, and that the new currency be employed in the retirement of all such bonds; and your memorialist submits that while saving the taxpayers a billion dollars annually in interest, such action will release the stupendous sum now being hoarded through investment in Government bonds, for investment in lucrative private enterprises, and start into forward motion the endless chain of circulating wealth which inevitably brings prosperity.

And your memorialist will ever pray.

Adopted by the Arizona State Senate Eleventh Legislature, March 12, 1933.

W. J. GRAHAM, Secretary of Senate.

Mr. JOHNSON presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Agriculture and Forestry:

Assembly Joint Resolution 24 relative to memorializing the Congress of the United States to enact a moratorium on foreclosures of real-property mortgages and on sales under deeds of trust on real property

Whereas a period of depression exists in the State of California, throughout the United States, and the world, accompanied by general inability to procure loans from any source; and

Whereas in several States legislation providing temporary relief from foreclosure and sale of homes and farms, subject to a mortgage or deed of trust, has been enacted or proposed; and

Whereas in the present emergency it is imperative that the home and farm owners throughout the United States be afforded adequate relief from foreclosure and sale of their homes and farms subject to a mortgage or deed of trust; and

Whereas it lies within the power of the Congress to enact relief legislation; and

Whereas in various parts of the United States force and intimidation have been and are now being employed to prevent fore-

closure of mortgages on real property and sales under deeds of trust on real property: Now, therefore, be it

*Resolved by the Assembly and Senate of the State of California, jointly,* That the Legislature of the State of California most respectfully urges and petitions the special session of the Seventy-third Congress to enact legislation declaring a moratorium in respect to the sale of farms, dwelling houses, and outbuildings, whether on execution, under power of sale contained in a mortgage or deed of trust, or in an action for the recovery of a debt or the enforcement of a right secured by mortgage or other lien; and be it further

*Resolved,* That the Legislature of the State of California requests the honorable Senators and Representatives in the National Congress representing this State in the Senate and House of Representatives of the United States to use every honorable means to secure the enactment of such legislation; and be it further

*Resolved,* That the chief clerk of the assembly be, and he is hereby, directed to send copies of this resolution to the President of the Senate, the Speaker of the House of Representatives, and to each Member of the Senate and House of Representatives from the State of California.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Foreign Relations:

Assembly Joint Resolution 9, relative to memorializing Congress to adopt legislation with reference to manufacture of arms, munitions, and implements of war

Whereas one of the main causes for the maintenance of large military and naval establishments, and which is a standing menace to peace between nations, is to be found in the fact that patent rights on and the manufacture of arms, munitions, and implements of war are in the hands of international combinations of capitalists, who sell their products indiscriminately to the governments of the world and promote the sale of such products by arousing and encouraging feelings of national prejudice and jealousy and by employing the press and the officers of the Army and Navy to produce periodical war scares in different countries; and

Whereas this menace to international peace can be eliminated and the ultimate disarmament promoted by having the Government manufacture its own equipment and articles used for war purposes: Now, therefore, be it

*Resolved by the Assembly and Senate of the State of California jointly,* That the Legislature of the State of California earnestly memorializes and petitions Congress to enact legislation to the end that all patent rights for arms, munitions, and other equipment to be used for war purposes should be acquired by the Government; and be it further

*Resolved,* That in order to obtain international acceptance of the intent and purpose of this resolution we respectfully urge that the President of the United States, by appropriate means, have this subject matter presented at future international disarmament conferences; and be it further

*Resolved,* That the chief clerk of the assembly is hereby directed to transmit forthwith upon its adoption to the President of the United States and to the Senators and Members of Congress of the State of California.

RELIEF OF UNEMPLOYMENT—GRANTS TO STATES

Mr. COPELAND. Mr. President, I ask that there may be printed in the body of the Record and referred to the Committee on Banking and Currency a telegram which I have just received from the mayor of the city of New York calling attention to the unemployment situation.

There being no objection, the telegram was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

NEW YORK, N.Y., April 21, 1933.

Senator ROYAL S. COPELAND,

Senate Chamber, Washington, D.C.:

The city of New York, through its taxpayers and citizens, has responded most generously to the cause of unemployment relief during the past 3 years without stint or reluctance.

The citizens' relief groups and private agencies have expended almost all of their resources and are experiencing difficulty in carrying on this great work.

The city's emergency home- and work-relief operations are caring for over 200,000 families, which is steadily increasing. As a matter of fact, the increase in the number seeking and receiving relief from public funds has increased over 100 percent during the past 4 months. Fifty-five thousand new family applications are being received monthly through the home-relief bureaus. Public-relief expenditures have increased 80 percent during the past 6 months. The usual public relief extended by the city, such as child welfare, veteran relief, care of the blind, dependent children, health, hospitals, etc., is not included. Emergency funds being expended through public agencies, New York City, at the present time is \$7,000,000 per month.

Relief to the unemployed has now become a matter of serious concern insofar as the city of New York, and I believe other municipalities, are concerned, and not only is it a matter of assistance to the municipalities from State governments but it is a mandate on the Federal Government to place all resources possible to aid



the municipalities. The Lewis-Wagner bill, now before the House and Congress, providing for the appropriation by the Federal Government of \$500,000,000, should be expedited and enacted into law at the earliest moment, and I would suggest the following amendments:

The bill provides that \$250,000,000 shall be made in grants to States and municipalities on a 1-to-3 basis. I would respectfully recommend that the bill be amended to have the grants to States made on a 1-to-2 basis. This amendment would give the State and city of New York a better opportunity for the raising of its funds through taxation.

JOHN P. O'BRIEN, Mayor.

Mr. WAGNER presented a telegram from Hon. John P. O'Brien, mayor of the city of New York, identical with the above telegram presented by Mr. COPELAND, which was referred to the Committee on Banking and Currency.

#### 6-HOUR DAY, 5-DAY WEEK—DETROIT REFERENDUM

Mr. BLACK. Mr. President, I desire to ask unanimous consent to insert in the RECORD a copy of the initiatory petition to the council of the city of Detroit referendum to vote in that city on the 30-hour week for motormen, conductors, and coach operators of the department of street railways.

I desire to call attention to the fact that the petition was circulated January 18, 1933, and 48 hours later sufficient signatures were obtained. On January 21 there were 16,500 signatures on the petition. On January 25 the council placed it upon the ballot; on March 6 it was voted upon, and the vote for the ordinance was 51,941 and against the ordinance 26,747.

There being no objection, the referendum petition was ordered to lie on the table and to be printed in the RECORD, as follows:

#### INITIATORY PETITION

To the honorable the Common Council of the City of Detroit:

We, the undersigned, being qualified electors of the city of Detroit, respectfully present this initiative petition and pray that the proposed ordinance hereinafter set forth be adopted by your honorable body and in case it shall not be so adopted petitioners further pray that it be submitted to a vote of the electors of the city pursuant to the provisions of sections 1 to 9 of chapter II, title III, of the charter of the city of Detroit. The proposed ordinance is as follows, to wit:

An ordinance to relieve unemployment of motormen and conductors and coach operators of the department of street railways of the city of Detroit by limiting the weekly hours of work and sharing available work.

It is ordained by the people of the city of Detroit:

SECTION 1. Motormen and conductors and coach operators employed by the department of street railways of the city of Detroit shall work not to exceed 30 hours each week and shall be paid on an hourly basis.

The purpose and substance of the ordinance is:

To share available work amongst motormen, conductors, and coach operators of the department of street railways of the city of Detroit by adoption of 30-hour-week limitation with pay on an hourly basis.

This petition was circulated on January 18, 1933, and so strong was public sentiment that 48 hours later sufficient signatures were obtained.

On January 21, 16,500 signatures were filed with the city clerk—over 3,500 more than the legal requirements.

On January 25 the common council placed it upon the ballot, at the primary election on March 6, 1933, and on that day the people voted 2 to 1 in favor of it.

#### Official vote

For the ordinance..... 51,941  
Against the ordinance..... 26,747

The election was certified on March 14, 1933. City Clerk R. W. Reading declared the ordinance to be law, and effective from March 22, 1933. (See Legal News of Mar. 22, 1933.)

Mr. COPELAND. Mr. President, may I ask that there be printed in the RECORD, following the statement of the Senator from Alabama [Mr. BLACK], a letter which I have received from the mayor of Mishawaka, Ind., in reference to the Black bill.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

#### CITY OF MISHAWAKA, IND., April 18, 1933.

HON. ROYAL S. COPELAND,  
United States Senator, Washington, D.C.

DEAR SIR: It is my recollection that you voted for the Black 30-hour week bill when it was before the Senate.

As mayor of this city, I beg to call your attention to the fact that on March 1 of this year the 6-hour day, 5-day week plan

was inaugurated in our street department, in which we employ over 50 men regularly and at times have as many as 150 extra.

So satisfactory have we found this plan that we recently extended it to the park and golf departments, and we are contemplating its extension to the water and electric departments. We find that the men make more money and do far more efficient work for the city in the 6-hour day than under the "staggering" system.

It is the writer's observation that President Roosevelt is desirous of establishing a minimum wage in connection with the 30-hour week. The wage scale to which we have steadfastly adhered allows 50 cents an hour for common labor.

It is because we believe in this plan that I am writing to commend you for the position you have taken in regard to the labor problem in this crisis, and to cite an example of the practical working, especially in municipal life, of the plan.

With assurance of my high personal regard, I beg to remain,

Yours very truly,

MASON L. PETRO, Mayor.

#### FOREIGN DOLLAR BONDS INTEREST PAYMENTS ON WHICH ARE IN DEFAULT

Mr. FLETCHER presented a statement of the American Council of Foreign Bondholders, Max Winkler, president, New York City, entitled "Foreign Dollar Bonds Interest Payments on Which Are in Default", which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

(Letter No. 26)

NEW YORK CITY, April 19, 1933.

#### FOREIGN DOLLAR BONDS INTEREST PAYMENTS ON WHICH ARE IN DEFAULT

##### PART III

Without any immediate prospects of a turn, the tide of default, which commenced in January 1931, still flows on, the latest item on the list being an issue of the Colombian Agricultural Mortgage Bank, interest on which should have been paid on April 15. News of another interest payment, missed by the same bank on the 1st of the month, came too late for inclusion in our last bulletin.

No explicit statement has been made regarding default on the Colombian Government's 6-percent bonds, but bondholders have been officially warned that it will surely be incurred unless the conflict with Peru ends speedily. However, the market took a decidedly hopeful view of this situation and advanced prices 7 points in the first 8 days of the current month, which was, perhaps, unduly optimistic, especially with regard to the January bonds, which now carry 3½ months' accrued interest.

Classification of 136 defaulted loans under heads of their respective listings shows that 78 percent of the total outstanding principal amount is for loans listed on the New York Stock Exchange; 10½ percent is for listings by the curb association; and 11½ percent is for unlisted bonds. But this ratio is changed if current market valuations are substituted. In this case we find 82 percent stock-exchange listings, 10½ percent curb, and 7½ percent unlisted.

At least 136 bond issues, on which one and a half billion dollars are outstanding, are now in default with regard to interest payments. No attempt has been made to pile on the agony. The number of issues in default can easily be increased to 150 if the several offerings of one loan were to be counted singly, as they are in some cases by the stock exchange. Certain bond issues, on which default is imminent, are not included.

Losses for all time were mostly recorded in 1932, but in some instances pertain to 1931 or 1933. A few cases in which phenomenally low prices were paid for bonds operated by accrued interest, which the market knew would be defaulted on the next coupon date, have received special treatment in this review by addition of 2 or 3 points to the quotation since, evidently, the buyer of a bond for \$20, plus \$30 accrued interest scheduled for default, is really paying \$50.

Current values for bonds which have not been sold for weeks, and for which the market quotation shows a spread of 10, 15, or more points, are not readily estimated, but such bonds generally belong to groups which have lately shown a trend indicating whether the true current market is nearer the bid or the offering price.

All figures are represented as approximate, but the picture shown, as of the first week in April 1933 is believed to be fairly accurate and usefully informative:

New York listings	Outstanding	Market valuation		Issues
		Low	Current	
Stock exchange.....	\$1,175,274,700	\$163,403,250	\$168,995,730	87
Curb association.....	153,309,000	11,065,940	21,466,570	21
Unlisted.....	170,472,800	11,634,800	15,521,290	28
Total.....	1,499,056,500	126,103,990	205,983,590	136

Total current market value of the bonds, although only 13½ percent of par, is now nearly 65 percent over the aggregate of

lows. Since little improvement in the economic conditions of defaulting countries has been registered, this more favorable rating must be attributed to a sensible realization by the market that former valuations were absurdly low and were inspired by a panicky feeling here. Moreover, since many of the inherently bad risks are still priced as low as ever, the average appreciation of the better class defaulted bonds has been much more than 65 percent. The market rating still needs adjustment, but it is closer to intrinsic values than it was last year.

Of the total outstanding, \$462,392,300, or 31 percent, is for Europe and \$1,036,664,200, or 69 percent, for America, but it should be remembered in this connection that the 3 Kreuger and 2 Russian loans account for \$219,006,000 of the European quota.

Current market value of defaulted foreign bonds listed on the New York Stock Exchange, namely \$168,995,730, compares with \$4,886,594,458, the official compilation of current market value of all foreign bonds so listed. This is less than 3½ percent, and has been instrumental in reducing the average price of the stock exchange totals to 61.24 for foreign government bonds and 51.73 for foreign company bonds.

Only two foreign bond issues in default, listed on the stock exchange, exceed \$10,000,000 in current outstanding market value, namely, Vienna 6's of 1952 and Brazil 6½'s of 1926-57, although 39 of the 87 listed issues in default are outstanding in over \$10,000,000 principal amount.

Defaulted stock exchange issues declined to 9 percent of par, and have since risen to 14½ percent. Curb foreign bonds in default fell to 7½ percent and recovered to 14 percent. Unlisted defaulted issues dropped to 7 percent and rose afterwards to 9 percent.

Current market value of the defaulted curb bonds exceeds that of the unlisted bonds by 38 percent, although there are 28 unlisted issues in default and only 21 curb issues, the outstanding par value of which is considerably lower.

A large proportion of the foreign defaulted bonds listed on the New York Stock Exchange is quoted daily in the morning and evening newspapers; a smaller proportion of those listed on the curb also receive this publicity, but the market prices of unlisted bonds can be ascertained only by tiresome inquiry for each issue by name. Even so, conflicting reports are given by different authorities, and actual sales effected are generally unobtainable.

Since few investors are familiar with statistics of the unlisted foreign bond market, the following particulars of 28 loans in default may be of interest:

Number and bond issues	Nationality	Outstanding
2 (corporate).....	Swedish.....	\$96,409,500
7 (4 banking and 3 corporate).....	Hungarian.....	18,435,500
5 (2 provincial and 3 municipal).....	Brazilian.....	16,200,800
6 (1 provincial, 3 municipal, and 2 banking).....	Colombian.....	10,405,900
1 (national).....	Greek.....	9,405,900
1 (national).....	Salvadoran.....	9,008,100
2 (1 provincial and 1 municipal).....	Argentine.....	4,804,500
1 (corporate).....	Costa Rican.....	1,700,000
1 (banking).....	Panamanian.....	1,447,500
1 (national).....	Bolivian.....	1,296,000
1 (provincial).....	Peruvian.....	1,189,000
Total principal amount outstanding.....		170,472,800

Recently, the current market value of these bonds was \$15,521,290, of which \$7,229,720 pertains to the Swedish Match loans and \$2,394,000 to the Greek Government loan, leaving only \$5,897,570 for the remaining 25 bond issues.

However, this small sum of less than \$6,000,000 represents at least \$60,000,000 paid in cash by American investors, and is deserving of such protection as might be afforded by listing somewhere.

Wars in South America are still playing havoc with government revenues which should be available for dollar bond service. The Sellier & Bellot Munition Co., of Czechoslovakia, declared a 20-percent dividend on April 10. Is that where our money is going?

The market now esteems Austrian defaulted bonds highly, and is somewhat better inclined than it was toward Hungarians, but Yugoslavia is entirely out of favor. It hardly seems possible that a 7-percent consolidated municipal bond of Hungary should be worth as much as two 7-percent national government bonds of Yugoslavia.

It is, to a certain extent, possible to account for the seeming discrepancy. Coupons of Austrian obligations, including provincial municipal, and corporate issues, may be cashed rather freely with representatives of important central European, including Austrian, financial institutions, at approximately 75 percent of the face value.

The market for coupons on Hungarian bonds varies between 35 and 45 percent of the face value, and even at these levels it is not always easy to effect transactions. While the cashing of coupons on Yugoslav bonds has not as yet been reported, the council learns, on good authority, that offers ranging up to 40 percent of the face value of the coupons in question have been made.

AMERICAN COUNCIL OF FOREIGN BONDHOLDERS, INC.,  
MAX WINKLER, President.

#### EXECUTIVE REPORTS OF THE PUBLIC LANDS COMMITTEE

As in executive session,

Mr. KENDRICK, from the Committee on Public Lands and Surveys, reported favorably the following nominations, which were ordered to be placed on the Executive Calendar:

Theodore A. Walters, of Idaho, to be First Assistant Secretary of the Interior, vice Joseph M. Dixon; and

Thomas F. Thomas, of Utah, to be register of the land office at Salt Lake City, Utah, vice Eli F. Taylor.

#### BILLS AND A JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BANKHEAD:

A bill (S. 1503) to provide for the redistribution of the overbalance of population in industrial centers by aiding in the purchase of subsistence homesteads, and for other purposes; to the Committee on Banking and Currency.

By Mr. FLETCHER:

A bill (S. 1504) for the relief of Walter J. Bryson Paving Co.; to the Committee on Claims.

By Mr. STEIWER:

A bill (S. 1505) for the relief of Thomas E. Reed; to the Committee on Military Affairs.

A bill (S. 1506) to amend the United States mining laws applicable to the Mount Hood National Forest within the State of Oregon; to the Committee on Agriculture and Forestry.

A bill (S. 1507) for the relief of J. A. Tippit, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. McCallib, J. J. Beckham, and John Toles; to the Committee on Claims.

A bill (S. 1508) providing for the final enrollment of the Indians of the Klamath Indian Reservation in the State of Oregon; and

A bill (S. 1509) to credit the Klamath Indian tribal funds with certain amounts heretofore covered into the Treasury for reimbursement of appropriations; to the Committee on Indian Affairs.

A bill (S. 1510) to amend the act entitled "An act to adjust water-right charges, to grant other relief on the Federal irrigation projects, and for other purposes", approved May 25, 1926, with respect to certain lands in the Langell Valley irrigation district; to the Committee on Irrigation and Reclamation.

A bill (S. 1511) granting a pension to Mary E. Allen (with accompanying papers); to the Committee on Pensions.

By Mr. BONE:

A bill (S. 1512) to authorize acquisition of complete title to the Puyallup Indian Tribal School property at Tacoma, Wash., for Indian sanatorium purposes; to the Committee on Indian Affairs.

By Mr. COPELAND:

A joint resolution (S.J.Res. 45) to authorize an appropriation of \$10,000 for the expenses of participation by the United States in the Seventh International Congress of Military Medicine and Pharmacy; to the Committee on Military Affairs.

#### DEVELOPMENT OF THE TENNESSEE VALLEY—AMENDMENT

Mr. NORRIS submitted an amendment intended to be proposed by him to Senate bill 1272, the Muscle Shoals and Tennessee Valley development bill, which was ordered to lie on the table and to be printed.

#### RELIEF OF AGRICULTURE—AMENDMENTS RELATIVE TO THE CURRENCY

Mr. PATTERSON submitted an amendment intended to be proposed by him to the so-called "Thomas amendment" to House bill 3835, the farm relief bill, which was ordered to lie on the table and to be printed.

Mr. HAYDEN submitted an amendment intended to be proposed by him to the amendment proposed by Mr. THOMAS of Oklahoma to House bill 3835, the farm relief bill, which



s ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 6, lines 1 and 2, to strike out the figures "\$100,000,000" and insert in lieu thereof "\$250,000,000."

On page 6, line 6, after the word "ounce", to strike out the word, insert a semicolon and the following words: "but no such amount shall be accepted unless such government gives assurance, satisfactory to the President, that it will not melt or debase its own coins to make such payment in silver."

On page 8, after line 7, to insert the following as a new paragraph:

(g) Whenever the Government of the United States and one or more foreign governments have agreed to measures for stabilizing the price of silver, the Secretary of the Treasury, in his discretion, is authorized to sell silver now or hereafter deposited in the Treasury, or to purchase silver with silver certificates issued in the same manner as is provided in this section, for the purpose of assisting in the maintenance of such stabilized price."

#### RELIEF OF UNEMPLOYMENT—AMENDMENT

Mr. HAYDEN submitted an amendment intended to be proposed by him to the bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, which was referred to the Committee on Banking and Currency, ordered to be printed, and to be printed in the RECORD, as follows:

On page 8, after line 5, to insert the following new section:

"Sec. 8. The Reconstruction Finance Corporation is authorized and directed to make available out of the funds of the Corporation not to exceed \$50,000,000, to be used by the Administrator for the purchase of wheat which shall be delivered to the American National Red Cross, to be used for the purposes and in the manner provided in the joint resolution entitled 'Joint resolution authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress', approved July 5, 1932. The amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time is increased by \$50,000,000."

On page 8, line 6, strike out "8" and insert "9."

#### CONDITIONS IN CUBA

Mr. KING. Mr. President, the situation in Cuba has assumed a serious aspect. A number of Senators, including the Senator from Idaho [Mr. BORAH], have recently challenged the attention to the tragic conditions existing in Cuba. More than a year ago I presented to the President of the United States and to the Secretary of State memoranda, in which I discussed the confused and dangerous situation in Cuba, and also presented my views as to what course should be pursued in order to avert revolution. I was opposed to intervention, but believed that the situation was so perilous that a certain course should be taken to avert the coming conflagration. I deem it not improper—indeed, at the present moment entirely proper—to have the communication to the President inserted in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The letter is as follows:

OCTOBER 9, 1930.

MY DEAR MR. PRESIDENT: I am deeply concerned with the recent trend of events in Cuba. My interest is not of recent origin but dates from a visit paid to Cuba in 1897 at the request of some of my colleagues in the House of Representatives. The Cubans had revolted against the authority of Spain, and the question was being discussed in Congress as to whether the United States would recognize the belligerency of the insurgents, intervene, or maintain neutrality. Under General Weyler shocking brutalities had been committed and the situation in Cuba was most tragic. Widespread starvation existed throughout the island, and the revolution brought a train of sorrows and evils which cannot be described.

After spending weeks in the war-stricken section of Cuba, I returned and reported conditions to my colleagues. With the aid of the United States Cuba was soon liberated from Spanish supremacy and the Cuban people thereafter established a republican form of government.

Since that time, as I have just stated, I have been deeply interested in Cuba and the Cuban people. Sometime prior to the election of General Machado in the year 1924, the Cuban Government, with the aid of the United States, prepared a measure which was later enacted into law, designated as the Crowder Electoral Code, the purpose of which was to secure a free and untrammelled exercise of the right of suffrage by the Cuban people in order that they might better maintain the representative form

of government contemplated by the Cuban Constitution of 1901. This constitution, like our own, created an executive, a legislative, and a judicial branch of government, with specific and clearly defined powers.

General Machado was elected in November 1924, upon a platform pledged to a free and unrestricted right to the exercise of suffrage by the Cuban people. On December 20, 1925, 6 months after his inauguration, he caused to be enacted by the Cuban Congress a bill suspending the Crowder Electoral Code until the year 1928, thus removing many of the safeguards provided for in said code to insure honest and fair elections. This law, among other things, provided:

(a) For the repeal of article 287 of said code;  
(b) It forbade the reorganization of the existing three parties or the creating of new parties, except under the most impossible conditions;

(c) The pre-empting of the powers of the delegates to party conventions and lodging all of such powers in the executive committees of such three existing parties, as therein provided for, and abolishing primary elections.

Article 287 of the Crowder Code prohibited members of congress, persons holding public office or in the employ of the government, from acting as delegates, except where they were specifically elected by the people. This obviously salutary provision of the Crowder Code having been repealed by the act of December 20, 1925, members of congress and those enjoying public office under the Machado regime immediately assumed control of the executive committees of the three existing parties, and as a consequence thereof the entire political machinery of the government was brought under the complete domination and control of President Machado.

Under such circumstances Machado, on June 21, 1927, submitted to the Cuban Congress a project for the amendment of the constitution of 1901. This project was passed by both houses of congress, approved by the President, and published in the Official Gazette on the same day that it was submitted, to wit, June 21, 1927. The bill, as passed by congress, provided for the holding of a constitutional convention approximately 7 months after the passage and approval of the act.

This project for constitutional change so enacted by the Cuban Congress provided, among other things, for—

(a) The extension of the presidential term of office from 4 to 6 years, with no reelection, and the proroguing of President Machado's tenure for an additional period of 2 years.

(b) Abolition of the office of vice president.

(c) Increasing the membership of the senate from 24 to 36 members.

(d) Proroguing the tenure of the 24 incumbents for periods of 2 and 4 years and providing that thereafter senators shall be elected for a period of 9 years, rather than 6 years, as provided in the constitution of 1901.

(e) Extending the terms of office of the members of the house from 4 to 6 years, proroguing of the tenure of the incumbents for a period of 2 additional years.

(f) Proroguing the term of office of the incumbent provincial governors, provincial councils, municipal mayors and councils, and members of the boards of education, except the mayor and council of the city of Habana, which was to be federalized.

Delegates to the constitutional convention to be held pursuant to the above provisions were selected by the executive committees, which, as I have before stated, were largely, if not completely, composed of members of the house and senate of the Machado regime. This act aroused the opposition of a very substantial element of the Cuban people theretofore affiliated with the three existing parties, and since no reorganization of the said parties was permitted under the act of December 20, 1925, these citizens of Cuba organized the Union Nacionalista Party, which organization undertook to hold meetings for the purpose of perfecting the party organization and placing candidates in the field for election as delegates to the constitutional convention. The meetings, the evidence shows, were repeatedly broken up and dispersed by the military forces and all efforts of the members of this organization to carry out their purpose were completely frustrated. Thereafter pretended elections were held, resulting in the alleged election of delegates to the constitutional convention, all of whom had been theretofore selected by the said executive committees of the three existing parties. The convention so constituted was thereupon convened.

Article 115 of title XIV of the Cuban Constitution of 1901 contains the following unusual provision:

"The constitution shall not be amended in whole or in part except by a resolution adopted by two thirds of the total number of members of each colegislative body.

"Six months after an amendment has been agreed upon, a constitutional convention shall be convened, the duties whereof shall be limited to either approving or rejecting the amendment voted by the colegislative bodies, which latter shall continue in the performance of their duties with absolute independence of the convention.

"Delegates to the said convention shall be elected by each province in the proportion of 1 for every 50,000 inhabitants and in the manner that may be provided by law."

It will be observed from the foregoing provisions that the constitutional convention was limited to either the approval or rejection of the amendments submitted by the Cuban Congress. Notwithstanding this provision, however, the constitutional convention, in pursuance of the public statement made by President Machado some 4 days before the convention met, proceeded to and



did entirely change the provisions of the measure submitted by the Cuban Congress. Among the many changes so made was one which permitted the reelection of President Machado for a period of 6 years at the ensuing election of 1928. The action of the constitutional assembly was duly promulgated by President Machado without submission to the people.

President Machado then caused the Cuban Congress to pass a second measure further suspending the Crowder Electoral Code, and this measure, like the previous one, among other things, prevented the reorganization of the existing three parties, the centralization of the power of the said political organizations in the executive committees thereof, and the elimination of party conventions. Thereupon the said existing three parties, acting through their executive committees, proceeded to nominate President Machado for reelection as the alleged unanimous choice of the said three parties. At this point the Union Nationalista organization again attempted to perfect a political organization, only to be met with the same opposition, their meetings being broken up and dispersed by the military forces and the headquarters of the organization was placed under the control of a squad of soldiers.

Under these circumstances the election of November 1, 1928, was held, and although I am reliably informed that not more than 5 percent of the qualified voters cast their ballots at this election, the Machado organization reported that President Machado had been reelected by a large majority of the Cuban people. The effect of this pretended election was to maintain President Machado in power for a further term of 6 years, notwithstanding the fact that the constitution of 1901 specifically provided that the presidential term should be for a term of 4 years and that no person could hold office for more than two consecutive terms.

Inasmuch as the action of the constitutional convention was clearly in violation of the constitution of 1901, it is patent that President Machado's reelection on November 1, 1928, was in violation of the fundamental laws of the Republic, and that by reason thereof the Machado government is not and cannot be held to be, under any conceivable theory, a duly constituted government within the duly accepted meaning of this term.

It is quite evident, from a most dispassionate consideration of the policies pursued by Machado since his advent to office, that he has been actuated by but one obvious purpose, namely, to perpetuate himself in power, and to accomplish this he has subverted the entire scheme of constitutional, representative government contemplated by and provided for in the constitution of 1901.

Machado's arrogation of power has appeared to be without limit. The functions of the legislative and judicial branches of the Government have been exercised through presidential decrees contrary to the express provisions of the constitution and the Organic Act of 1909.

A large military organization has been created and maintained that has consumed from 20 to 25 percent of the total national revenue, while at the same time vitally necessary activities of the Government, such as public health, sanitation, education, and agriculture have been neglected.

External loans have been negotiated entailing the imposition of extremely burdensome taxes upon a people already overtaxed. These loans have been made ostensibly to carry forward so-called "public-works projects", many of which, however, were nonessential, such as the new capitol building that, to date, has required an expenditure of a sum in excess of \$20,000,000.

Cuba, with the end of the first half of the current fiscal year, will have an accumulated deficit of some \$50,000,000, with no possible means of liquidation, and a rapidly descending revenue under budgetary estimates.

The right of free speech and lawful assembly have been abolished, and a government adequate for the protection of life, liberty, and property, as contemplated by the Platt amendment and the subsisting treaty with the United States, is no longer existent. Labor has been denied the right of organization and the wages of the laborer reduced to a starvation level largely as the result of governmental interference.

This situation was brought to the attention of the American public by an investigation conducted by the American Federation of Labor officials as far back as 1927, and subsequently confirmed by numerous impartial investigations, such as that conducted by William English Walling as set forth in an article appearing in the May issue of Current History of this year, and of Prof. Albert Bushnell Hart, of Harvard University, in an article set forth in the January issue of Current History of this year, and by the Foreign Policy Association in an extensive report published in 1929.

President Machado, as shown by the investigations just mentioned and repeatedly confirmed to me by members of the Cuban Congress, has been able to bring about this dictatorship by the diversion of a very substantial portion of the revenues of the national lottery, amounting to several millions of dollars annually, and by the ruthless employment of the military forces of the nation as an instrumentality of intimidation and coercion. He now proposes to further perpetuate his unconstitutional regime by the oncoming election of November 1 next, at which time there will be elected two thirds of the membership of the Senate for a period of 9 years and one half of the membership of the House of Representatives for a period of 6 years. On the information which has come to me from numerous reliable sources, I am convinced that this pretended election is opposed by the vast majority of the voters of Cuba, who are prevented from expressing their will by virtue of the illegal acts of the Machado regime

hereinbefore referred to. It is this situation that has precipitated the recent alarming disturbances that have occurred in the island. In my opinion, our Government has not been fully advised as to the deplorable conditions in Cuba, nor has it had cognizance of the tyranny and oppression of the Machado regime and of the methods employed by Machado to suppress liberty and to bring the people under his despotic rule. As I have indicated, there is no freedom of speech or of the press. Any criticism of the Machado administration is prohibited, newspapers are suppressed, and those who have spoken in favor of constitutional government have been driven from the island or have been imprisoned. In my opinion, the Machado government would have been overthrown some time ago had it not been for the feeling fostered by Machado that he was supported by the United States and that the military arm of the latter would protect his administration.

The relation of the United States to Cuba because of the provisions of the Platt amendment is unique and somewhat extraordinary. If it were not for these provisions there would be no duty resting upon the United States to interfere in the domestic affairs of Cuba. The United States has intervened upon two different occasions since 1903, basing its intervention upon what were construed to be obligations arising under the Platt amendment. If there is any obligation upon the United States to maintain in Cuba a government "adequate for the protection of life, liberty, and property", then it would seem that when a situation exists such as we find in Cuba today—a condition under which there is no liberty and where a despotic and tyrannous dictatorship is regnant—the United States should, at least, indicate that it is not giving encouragement to or support of such despotic rule and would look with disfavor upon any policy destructive of constitutional government and which denies liberty and justice to the Cuban people.

Indeed, it might and perhaps should go farther, in view of the transcendent importance of the election called for November 1, 1930, and indicate that it does not approve of any plan which designed to frustrate the will of the people and deny them the right to select and vote for persons to represent them in the Cuban Congress.

In my opinion, if the people of Cuba were permitted to hold a free and fair election in November next and were given to understand that the United States would not intervene to perpetuate the Machado regime, the revolutionary movement now gaining headway would subside and peace would be restored. However, with martial law prevailing, constitutional guarantees suspended, the people subjected to intimidation and terror, men of influence and standing in whom the people have confidence imprisoned or driven into exile, and the freedom of speech and the press destroyed or denied, a free and fair election is not possible, and forces will be created that will culminate in revolution.

I had the honor, upon a number of occasions, to invite the attention of your predecessor and of the State Department to the unsatisfactory conditions in Cuba, and took the liberty of suggesting that the confidence placed in Machado was not justified, and the more than friendly support, moral and otherwise, given him by this Government would strengthen his ambitions for power and eventuate in a train of evils which might involve the United States. The rule of Machado will inevitably result in social and political disturbances ending in revolution. A revolution in Cuba would be most unfortunate. It would result in the loss of life and the destruction of property and would add to the woes now visited upon the Cuban people.

Cordially and sincerely,

WILLIAM H. KING.

The PRESIDENT,  
The White House.

#### PROPOSED EMBARGO ON MUNITIONS SHIPMENTS.

Mr. SCHALL. Mr. President, I ask leave to have printed in the RECORD statements of members of the Foreign Relations Committee, appearing in the Washington Herald of April 19, in reference to the arms-embargo resolution, House Joint Resolution 93, which is now before the Senate Foreign Relations Committee.

I also ask leave to have printed in the RECORD a letter from John Bassett Moore to Representative FISH; also an editorial from the Washington Herald of April 19, 1933, regarding the same resolution.

Mr. President, this resolution involves three grave consequences:

First. It involves the constitutional question of Congress delegating its war-making power to the Executive.

Second. It involves the violation of our Federal policy of neutrality.

Third. It is, in effect, an authorization of intervention in a conflict between nations.

Judge Moore points out that a country that ships arms and munitions of war to one country, while denying such shipments to another, is by international law an actual participant in war on the side of the country to which it sends munitions.



It is an act of intervention which denies neutrality. In other words, we have declared ourselves a party to the war, and are involved in that war and subject ourselves to the retaliatory attacks of the country which we seek to penalize.

In passing such resolution, therefore, the jurist finds we are abandoning our American policy of neutrality set up by Washington and Jefferson. We are jeopardizing our Monroe Doctrine. We are authorizing "entangling alliances." We make ourselves the cat's-paw of Great Britain, which urges this neutrality violation on us without daring to do itself what it asks of us. We, in fact, give the Executive a carte blanche to involve us in war under the pretense of aiding peace. We pass to the Executive the war power which the Constitution granted Congress. We become a rubber stamp, and abdicate our sworn duty as representatives of the people to protect their sons from war.

Even a party majority in full power does well to think twice before committing the country to an international policy condemned by our leading jurist as an abandonment alike of the neutrality law of nations and the American policy since Washington.

There is another phase of the question which we who sit in this Chamber may do well to consider. I refer to present cloak of concealment of facts, and the likely public charge that we are passing a resolution under false pretenses.

As I called attention here on March 3, 1933, during the past 15 months we exported to Japan alone over \$100,000,000 worth of war materials to be converted over there into arms and ammunition—though we shipped in 1932 to all countries, Japan included, only a paltry \$1,668,000 worth of finished arms and ammunitions, subject to the proposed resolution.

War powers have their own gun and munition plants. What they want of us is the raw or semimanufactured materials.

It is the weak country, the people without gun and munition plants, that need arms and ammunition.

This resolution puts us in the position of helping the war power, while choking the weak country and making it a prey to war of conquest—the very thing that is now happening with Wall Street financing the deal with "dollar bonds" and war supplies, and London and Paris as partners in the spoils.

American branch banks in Japan and Manchuria, and Japanese branch banks in Wall Street, are handling the business—while we pass the whitewash brush called an "embargo" on arms to protect the peace of the world.

American branch factories and utilities, with a direct capital investment of \$60,000,000 in Japan—as revealed by the Commerce Department—are doubtless at this moment busy converting American materials shipped to Japan into arms and munitions for Japanese warfare, while employing Japanese labor.

The "dollar bond" issues of Japan to the amount of nearly \$400,000,000, floated by American private bankers and trust companies, are listed on the New York Stock Exchange to invite American investors to be partners of Japan in its war of conquest. You may read the quotations on these Jap "dollar bonds" in your morning and evening paper.

This resolution is the whitewash brush. We pose for peace by making Congress do the whitewash act. We pose for peace, while all our financial activity is in aid of war. Then we turn over to the Executive the constitutional franchise, delegated to us by the founding fathers, and thereafter have nothing to say.

If this resolution is passed it will develop some job in explaining to our constituents the abdication of our congressional responsibility. It seems to me the old way is preferable to the new—to refuse to "pass the buck" of responsibility under the Constitution—to refuse to depart from the neutrality doctrine of America—to make no excuses, because we will then have nothing to excuse. A plain statement of the facts is better any time than concealment.

We will not have to say that we passed a "peace resolution" and then shipped 90 percent of our export lead to Japan to conquer China; that we "ducked" our constitutional duty and gave the President power to send our sons to war.

Prohibition of the shipment of arms to filibustering parties, financed by private capital such as Wall Street, would be justifiable. Such power, however, already resides in the Executive, it appears, as when the Government in our early history stopped an alleged filibustering expedition supposed to have been undertaken by Aaron Burr.

But the joint resolution, House Joint Resolution 93, which passed the House and is now before the Senate, does not deal with private individuals or expeditions, but with "a dispute or conflict between nations."

It prohibits at the President's pleasure shipments of "arms or munitions of war from any place in the United States to such country or countries."

It deals with warring "countries" and not with private parties or filibusters.

And on that, our leading international jurist, John Bassett Moore, plainly tells Congress:

The prohibition of the neutral government itself to supply arms and munitions of war is based upon the unquestionable fact that the supply of such articles to a fighting force is a direct contribution to its military resources, and as such is a participation in the war; and, if a government does this, it virtually commits an act of war.

Listen again to Jurist Moore, in direct reference to the resolution now before the Senate:

The pending resolution is, I do not hesitate to affirm, opposed to the settled policy and the highest interests of the United States, also to the provisions of our Federal Constitution.

This resolution is based on the League of Nations' so-called theory of "war to end war." The League of Nations dares not put into practice its own theory, but says: "Let Uncle Sam do it."

Great Britain dares not itself violate the neutrality law of history by adopting this embargo, but says: "Let Washington do it."

And the White House says: "O.K., if we can make Congress responsible for the act."

Congress, therefore, is to authorize the United States to adopt the League of Nations policy of "war to end war", which the League dares not enforce itself. We are to be the blind tools of Great Britain and authorize intervention in "conflict between nations", which Great Britain has not the courage or candor to undertake.

We are to do this against the neutrality policy of 140 years of American history. We are to authorize "foreign entanglements" against the warnings of Washington and Jefferson. We are to desert our sworn fealty to the Constitution to serve the League, to which we do not belong, and to serve Great Britain, from whom we declared our independence in order to become a nation.

Is American neutrality a thing of the past, as now in effect declared? Is the Constitution dead, as between Wall Street and London? Furthermore, is the Constitution dead as between Congress and the people of the United States?

Finally, is this a clever ruse to commit us to the League and its allied powers in fact, though not in name, by a joint resolution of Congress supporting the League's basic creed of "war to end war"—with the United States authorizing the policy of war under a cloak of peace?

The VICE PRESIDENT. Is there objection to the request of the Senator from Minnesota to print in the RECORD the papers referred to by him.

There being no objection, the papers were ordered to be printed in the RECORD, as follows:

JOHNSON OPENS FIGHT TODAY ON ARMS EMBARGO—ROBINSON OF INDIANA AND LEWIS TO JOIN DETERMINED DRIVE TO PREVENT SENATE ACTION

A small but determined group in the Senate Foreign Relations Committee yesterday prepared for a finish fight against the administration's arms-embargo resolution.

The battle will start today, when the measure, which already has passed the House, comes up for consideration in the committee.



## JOHNSON TO LEAD

The fight will be led by Senator HIRAM JOHNSON, Republican, of California, who has support of Senator LEWIS, Democrat, of Illinois, and Senator ARTHUR R. ROBINSON, Republican, of Indiana.

ROBINSON said:

"This confers an extraordinary power on the President of the United States. It is a power never given to a President in our history.

"Even in this day of dictators no dictator has the absolute power to declare war or peace. I will fight this proposition because I believe it will involve us in war and I do so without consideration of the political party to which the President belongs."

## LEWIS PREDICTS WAR

LEWIS said:

"I am against it. I fought it before the Foreign Relations Committee of the Senate when it was first considered here.

"I am unwilling that other countries should have the power to dictate to the United States, particularly when the warring nations can involve us in matters which are of no concern to us.

"Warring nations should not be permitted to have the power to interfere with the orderly shipment of supplies by this Nation. The proposed embargo power would surely lead us into wars."

NEW YORK, N.Y., March 27, 1933.

The Honorable HAMILTON FISH, Jr., M.C.,  
Washington, D.C.

MY DEAR MR. FISH: Although I am unable to appear at the hearing on the so-called "arms-embargo resolution" on March 28, I feel it to be my duty to write you a few lines on the subject. I will first state the objection to the proposed measure as it stands, and will then point out how it may readily be made to conform to international law.

It will soon be 20 years since the outbreak in Europe of what eventually became known as the "World War." Following that unfortunate event there developed, in the ordinary course of things, a war madness, manifested in the exaltation of force, and the belittling of the enduring legal and moral obligations which lie at the foundation of civilized life. Peaceful processes fell into disrepute. We began to hear of the "war to end war"; and pacifists, enamored of this shibboleth, espoused the shallow creed that international peace could best be assured by the use of force or threats of force. We were told that preexisting international law had suddenly become obsolete, and that the world had entered upon a new era in which the general tranquillity was to be maintained by "sanctions", by boycotts, and by war. But the final stage was reached in the spawning of the notion, now rampant, that peoples may with force and arms exterminate one another without breach of the peace, so long as they do not call it war. This may appropriately be called the stage of bedlam. In all this, however, students of history will find nothing new. The development of such manias normally characterizes the progress of a great war, just as their decline marks the return to sanity.

To the final stage to which I have referred belongs the supposition that the law of neutrality no longer exists, and that in future there will be no more neutrals. It is on this theory that the proposed resolution is essentially based. It is true that the resolution does not in terms say so; and it is equally true that less is just now said about this phase of the subject than was said not long ago. But it is only on this theory that the sweeping terms of the resolution can be defended.

As a lifelong student and administrator of international law, I do not hesitate to declare the supposition that neutrality is a thing of the past to be unsound in theory and false in fact. There is not in the world today a single government that is acting upon such a supposition. Governments are acting upon the contrary supposition, and in so doing are merely recognizing the actual fact. In the winter of 1922-23, there was held at The Hague an international conference to make rules for the regulation of the activities of aircraft and radio in time of war. The parties to this conference were the United States, France, Great Britain, Italy, Japan, and the Netherlands. I had the honor to represent the United States in the conference and to be chosen to preside over it. We were able in the end to reach a unanimous agreement, which was incorporated in a general report. An examination of this report will show that it was largely devoted to the definition of the rights and duties of belligerents and of neutrals in time of war, and that it treated as still existing the Land War Neutrality Convention, the Convention for the Adaptation of the Geneva Convention to Maritime Warfare, and the Convention Concerning Neutral Rights and Duties in Maritime Warfare, all made at The Hague in 1907. The conference by which the report was adopted took place more than 2 years after the making of the Versailles Treaty and the Covenant of the League of Nations; the various delegations, it should be needless to state, acted under the authority and instructions of their respective governments; and yet the idea that the law of neutrality had become obsolete never was suggested. So far as I am aware, not a single party to the Versailles Treaty or a single member of the League of Nations has ever actually taken the position that the law of neutrality is a thing of the past. The principal powers in the League have on occasion taken precisely the opposite position. The fact is notorious that, after the Greeks were egged on to make war on the Turks and war actually came, Great Britain decided to remain neutral in the conflict, into which Canada and perhaps some of the other self-government Dominions unequivocally announced that they would not be drawn without their consent. In other recent wars

Great Britain has pursued a neutral course. Other governments have done the same thing. No government, so far as I am advised, has repealed its neutrality laws. Those of the United States still remain on the statute books; and, if they are to be repealed, it should be done directly and not by implication or by embarking on a lawless course in the name of peace.

We hear much today of the duties of the United States as a "world power", and the supposition seems widely to prevail that we have only lately reached that eminence. I am too good an American to think so poorly of my country and its achievements. The United States has always been a world power. It acted as a world power when, on the outbreak of the wars growing out of the French Revolution, its first President, George Washington, with Thomas Jefferson as his Secretary of State, proclaimed our neutrality. It acted as a world power when, some years later, it suppressed the activities of the Barbary pirates. It acted as a world power when, in 1812, it went to war in defense of neutral rights. It acted as a world power when it proclaimed the Monroe Doctrine. It acted as a world power in extending its trade and opening up foreign countries to its commerce, as it so effectually did by peaceful processes during the Presidency of Gen. Andrew Jackson. It acted as a world power when it refused to permit the intervention of foreign nations in our Civil War. It acted as a world power when it forbade the further maintenance of the European empire set up in Mexico by French arms during our Civil War. It acted as a world power when, in the administration of President Grant, with Hamilton Fish as his Secretary of State, it brought about, through the greatest of all international arbitrations, the amicable settlement of the Alabama claims, and in so doing made a signal contribution to the further development of the law of neutrality. It is useless to continue the specification of instances. Nations, like individuals, may increase their power by combining with a due attention to their own business the extension of their friendly offices to brethren in trouble, and by conserving their militant resources for occasions when their vital interests are at stake. A nation that undertakes to meddle with every foreign disturbance is bound to become an international nuisance, to its own detriment as well as to the annoyance of other countries. Power is neither gained nor kept by such methods.

It is obvious that certain recent agitations have been and still are carried on under radically erroneous impressions as to the legal significance of the supply of arms and munitions of war to the parties to armed conflicts. The statement is often made that the trade in contraband is lawful, and the statement is also often made that such trade is unlawful. These statements may seem to be conflicting; but, when properly understood, they are both correct. Because there is much dispute as to what the term "contraband" includes, and because it has so far been deemed proper to limit the burdens to which a neutral power is subject, international law has not up to the present time required neutral governments to prevent their citizens from manufacturing, selling, and shipping contraband, including arms and munitions of war, in the regular course of commerce. Hence, in the sense that a neutral government is not obliged to suppress such trade, the trade is lawful. On the other hand, however, international law recognizes the right of a party to a war to prevent such articles from reaching its adversary, and, if it seizes them, to confiscate them. In other words, international law, treating the trade as being, in an international sense, intrinsically unneutral and unlawful, permits the parties to the struggle to inflict the penalty, and to this the trader's government cannot object. The trader conducts the business at his peril.

But, while a neutral government is not obliged to suppress the contraband trade of its citizens, it is forbidden itself to supply contraband to a belligerent, and particularly is forbidden itself either to sell or to give to him munitions of war. Neutrality, in the legal sense, embraces not only impartiality, but also abstention from participation in the conflict (Moore, Digest of International Law, vol. 7, sec. 1283, p. 863). The prohibition of the neutral government itself to supply arms and munitions of war is based upon the unquestionable fact that the supply of such articles to a fighting force is a direct contribution to its military resources, and as such is a participation in the war; and, if a government does this, it virtually commits an act of war. If it does this in behalf of one of the parties, it abandons its neutrality and is guilty of armed intervention; and if it does it for both parties, although it may be said to be impartial, it does what neither of the parties themselves can do; namely, fights for each against the other. It is not long since the United States became, through an inadvertent failure to observe these elementary principles, involved in an unfortunate incident affecting a great and friendly American country, the Republic of Brazil. Happily the intervention quickly ended, as the government in behalf of which it was committed abruptly disappeared, and in a few days we duly recognized its successor, as 15 other governments promptly did.

From the elementary principles of international law above set forth it necessarily follows that, if a government bans the shipment of arms and munitions of war to one of the parties to an armed conflict and permits it to the other, it intervenes in the conflict in a military sense and makes itself a party to the war, whether declared or undeclared.

The pending resolution is, I do not hesitate to affirm, opposed to the settled policy and the highest interests of the United States and also to the provisions of our Federal Constitution. If adopted, it would enable the President (1) to make international engagements of the most far-reaching kind at his will, without the advice and consent of the Senate, and (2) to carry us into war without the prerequisite constitutional declaration of war by Con-



gress. Perhaps it may be answered that by the proposed resolution the Senate would voluntarily abdicate its constitutional powers regarding international engagements, and that the Congress would likewise abdicate its constitutional powers regarding the declaration of war. This argument might be accepted if the Senate and the Congress could constitutionally divest themselves of their constitutional powers and commit everything to the Executive. But, as they were unwilling to do this during the so-called World War, when it was proposed to give the President complete dictatorial powers, I can only suppose that the present extraordinary agitation is due to the misleading and somewhat deafening clamor of those who, in the name of peace, would confer upon the President an unlimited right to engage in hostilities. I refrain from saying "an unlimited right to make war" only out of deference to the profound and learned authorities who assure us that war can be abolished either by calling it peace or by refraining from calling it war. This is, I may remark, a favorite notion with those who demand that the Kellogg Pact shall be equipped with "teeth" in order that it may masticate alleged "aggressors" and otherwise benignly bite and gnaw its way to universal peace and concord. Unfortunately, there are many who appear to have been infected with these confused notions, which have been so industriously propagated in the United States. But, judged by the course of the principal members of the League of Nations during the past 10 years, and by their attitude toward the hostilities lately in progress in the Far East and elsewhere, such notions appear never to have had any real charm for the responsible authorities of the countries which would have been required to make the chief sacrifices in blood, in treasure, and in tears. To say this is not to impeach their wisdom or their sincerity. It may merely indicate that, having had enough of war, they long for real peace and an opportunity to recuperate.

Should the proposed measure become a law, no gift of prophesy is required to foretell what will follow. Groups moved by interest, or swayed, consciously or unconsciously, by propaganda, will clamor at the White House and at the Department of State for the unneutral application of the ban in favor of those whom they like or approve and against those whom they dislike or disapprove. We are assured that we may trust our authorities to resist such importunities, and to refrain from doing things that would involve the country in trouble. In other words, we are told that our authorities may be relied upon to refuse to exercise the powers so sweepingly conferred upon them. This is indeed a singular argument. Couched in the language of irresponsibility, it is not only self-stultifying but also unjust. The burdens and cares resting, especially at the present juncture, upon those who administer our affairs, are already grave and harassing enough without imposing upon them the pastime of playing with war. Within the terms of the pending resolution, our Government would be asked to set itself up in rash and arrogant judgment upon the acts of other nations and on the merits of their conflicts, with a view to give or to permit military aid to one as against another. Before committing ourselves to this presumptuous program spun of the wild and flimsy fantasy that when nations fall out and fight, the question of the "aggressor", which still baffles students even of ancient wars, lies upon the surface of things and may be readily, safely, and justly determined by outsiders, of whose freedom from individual interest or bias there is no guaranty, we should reflect upon the fact that, had such a notion heretofore prevailed, we might and in all probability should ourselves have been the victim of it. As a marshaling of all the incidents would unduly prolong this letter, I will call attention to only two.

During our Civil War we were more than once menaced with the possibility of intervention, and, had it taken place, no one can say how fateful would have been the consequences. But, as an American, I share with my fellow countrymen, as members of a great and united people, the universal sense that it is well that we were not permanently divided.

On April 6, 1898, there assembled at the White House the diplomatic representatives of six great European powers, who made in behalf of their governments what was called "a pressing appeal to the feelings of humanity and moderation of the President and of the American people in their existing differences with Spain." We need not question the motives of the governments by which this remonstrance against our armed intervention was made. The President of the United States did not question their motives in his answer; but, with the conscious dignity that became himself as well as his great office, he expressed the confident expectation that the remonstrating powers would equally appreciate the effort of the United States "to fulfill a duty to humanity by ending a situation, the indefinite prolongation of which had become insufferable." Two weeks later the Congress of the United States adopted a resolution under which the Government intervened with arms. The governments that had remonstrated against this step evidently did not regard Spain as the aggressor in the unhappy controversy between that country and the United States. The implication was clearly and directly to the contrary; and according to the theory on which the pending resolution rests, the remonstrants, when the United States forcibly intervened, might appropriately have declared an embargo upon the shipment of arms and munitions to this country, while continuing to supply Spain with the implements of war. All this might, on the new theory, have been done in the name of peace; and if the United States had exhibited resentment, this might have been treated only as further proof of its malevolent and aggressive disposition. It is better to reflect on such things while the opportunity still exists. It would

be inexcusably short-sighted to assume that what has happened before will never happen again. We might also remember that our war for independence was treated by the great majority of powers merely as an act of rebellion against lawful authority. We waged the War of 1812 in support of disputed claims of national right. Many of our own people, including General Grant, have condemned our War with Mexico as an unjust aggression; but I am not aware that any of them has taken the ground that the general interest or the cause of peace would have been advanced if the powers of the world, some of which were not then themselves above suspicion, had combined their forces to oppose or to crush us.

If the real purpose back of the pending resolution is simply to prevent the United States from furnishing implements of war to those who are engaged in armed strife, this may readily be done by providing for a comprehensive, nonpartisan embargo on the shipment of arms to all countries engaged in armed strife, whether international or civil. Such an embargo would naturally be announced and imposed by public proclamation. Of this no foreign power could complain. There are already various countries which, in accordance with their laws, impose such a ban. This is entirely proper under international law. Whether such an inhibition would, without the cooperation of all other neutral nations, tend to limit the area, the destructiveness or the duration of wars is a conjectural matter on which I do not now undertake to pass. Nor do I intend to discuss the question how far such a policy may tend to render weaker nations, financially unable to maintain munitions factories of their own, incapable of asserting or of defending their rights against larger powers. Considerations such as these lie within the domain of policy. The general bans, where they exist, are based upon the belief that, as the supply of arms and munitions constitutes a military aid, it is better and safer to forbid it altogether. In imposing upon itself such a restriction a nation acts within its undoubted rights and gives no just cause for reproach.

Sincerely yours,

JOHN BASSETT MOORE.

#### EMBARGO PLAN UNWISE

Doubtless there will be—certainly there ought to be—a fight to the finish against the adoption by the Senate of any such arms-embargo resolution as that which has just been jammed through the House.

It is proposed by this resolution to authorize the President to enter into arrangements with foreign governments to prevent the shipment of arms whenever and wherever he thinks best.

No resolution dealing with such an intricate foreign problem has any place on the legislative program of this extraordinary session of Congress, which was called to relieve the emergency here at home.

Adoption of this resolution will not relieve the domestic emergency but may aggravate it by new threats of war.

But the resolution is as unwise as it is untimely, because, as Representative Beck, of Pennsylvania, pointed out:

"It seeks to vest in the President of the United States, to a large extent, the supreme issue of war and peace, for with this power his ability to implicate us in any part of the world seems reasonably clear."

As this student of the Constitution rightly contended, this resolution would empower the President, in case of war or in case of its threat, "not merely to form an alliance with other powers to boycott one or both of the nations involved in the conflict", but also to select "which of the two warring nations he regards as the aggressor and which this Nation will favor by allowing munitions of war to be sent by our citizens, and which it will discriminate against."

By the Federal Constitution the power to declare war is placed with the Congress. There it should remain.

And the way to keep the power to make war where the Constitution put it is to reject outright the arms-embargo resolution which the House has approved and sent to the Senate.

The American people look to their Senators in Congress, Democrats and Republicans alike, to hold this unwise and untimely proposal in the Committee on Foreign Relations until the Congress meets in regular session next January.

Then there will be ample time to subject this un-American provocative and dangerous proposal to that careful study and ample debate which will expose the reckless folly of this latest attempt to lure the United States into a war-breeding alliance with foreign powers.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, in which it requested the concurrence of the Senate.

#### EDUCATION—ADDRESS BY DR. WILLIAM F. RUSSELL

Mr. CAPPER. Mr. President, I have here a copy of a very able radio address of William F. Russell, Ph.D., LL.D., dean Teachers College, Columbia University, on April 16, 1933, on the subject of education. It is a timely and



admirable discussion of the relation of the American school system to the Government. I ask permission to have it printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD as follows:

EDUCATION A LIBERTY WE PRIZE AND A RIGHT WE WILL MAINTAIN

To discuss the place of education in the United States today, with which you are familiar, would appear at first sight to be the elucidation of the obvious. But it happens sometimes that we least understand what is closest to us. Because we have never lived under any other form of government it is possible that we take our blessings for granted; and because schools are open and well attended, it may never have occurred to us to examine what they really are trying to do.

I believe that education has played a commanding role in the life of America. I shall try to make plain what it is that makes the United States different from any other nation on earth, and how schools and colleges and teachers have helped to make it so.

It is well said that distance lends enchantment and that familiarity breeds contempt. This is natural and human. This is well illustrated in the case of the soldiers who returned from France. We know that the war was no bed of roses, and there was little pleasure in the mud of the trenches, ankle-deep in water, waiting for a high-explosive shell. Nevertheless veterans delight to recall those days. Flanders' fields glow with poppies—and with memories.

It is this same trait that colors our view of history. One of the periods of the past, most pleasant to recall, is the time when "knighthood was in flower"; and as we ride by ancient ruins of castles in Europe or stand on the turrets of the walls at Carcassonne, we see visions of happy knights and nobles, minstrels and magicians. Those were the days of romance.

But if we take off our rose-colored spectacles, and reconstruct in our imaginations what we know to be the truth, those were actually days of discomfort and distress. The castle was uncomfortable. Windows without glass were covered by tapestries to keep out the cold. There was grime and filth, disease, and lack of sanitation. Uncomfortable as conditions were, the people could be happy if there were order and quiet.

But why else were the castles perched high on the hills or hidden in the swamps? Only to give protection against hostile invasion. We complain today of bandits in Mesopotamia, or Macedonia, or Manchuria, or Manhattan; we are distressed by disorder; but in the days of old when knights were bold, every journey required an escort; travel and trade were prosecuted at grave personal risk; and war prevailed almost all the time.

This state of affairs drove men into fortified castles for their self-protection, and once inside the walls you can readily understand that they had to submit to the will of the lord. Each did as he was told. The farmer, the woodchopper, the shepherd, no matter how hard he worked, had to give up the lion's share of what he produced. He could eat and sleep, but he had few rights, and what was worse, there was no chance for him to do anything different—not for him or his children. The few at the top had all the privilege; the great mass had only to slave and obey.

In general, this was the sort of life lived by most of your ancestors and mine since the beginnings of history. Chained to the station of birth, the doors of opportunity shut, insecure as to life and property, your ancestors and mine longed for the day to come when a man's life would not depend upon the whim of a tyrant, when he would be entitled to the fruits of his labor, when his children would have a chance.

The history of how we changed from that day to this is complicated. We know that the early German tribes long ago developed the rudiments of popular control; that the English barons at Runnymede wrested certain rights from a reluctant king; but the big advances toward democracy in England came during the rule of the Stuarts and Cromwell, and this was just the time when Englishmen began to settle in America. On this side of the Atlantic we can trace the emergence of a new kind of government based upon the ideals of liberty and equality. It appeared in the first colonial agreements, it flourished in the Revolutionary War, it was written into the Declaration of Independence, it was incorporated in the Constitution, and it was developed from Washington to Jefferson and John Marshall, from Jackson to Lincoln, and down to the present day. In truth, the United States was a "new nation conceived in liberty and dedicated to the proposition that all men are created equal." For the first time in history a great people covering a wide expanse of territory had developed a government "of the people, by the people, and for the people." We hold these truths to be self-evident, that all men are created equal, that they are entitled to life, liberty, and the pursuit of happiness, and that all governments derive their just powers from the consent of the governed."

Liberty and equality—these are the fundamental ideals of the United States.

What is liberty? Burke said that it was, first, to have the right to choose our governors; second, to have the right to cashier them for misconduct; and, third, to have the right to frame a government for ourselves.

What is equality? It does not mean that we are all alike, equally tall or short, bright or dull, rich or poor. It means that all of us shall have essentially an equal voice in our Government, that we stand measurably equal before the law, and that every one of us, particularly our children, as nearly as we can provide, shall

have an equal chance to do the work in the world and render the service that his talent, industry, and character warrant. When there is equality no child is born to serve a particular master nor is he bound to the station of his birth.

I hope that the clarity of this idea will not become dimmed by generality or vagueness of words. I am trying to make plain what I think our country wants to be. Its aim and ambition have little to do with wealth and prosperity as such, with radios, bathtubs, or automobiles; with banks, mines, and oil wells; with good roads or safe harbors. These are found both in democracies and autocracies. The ideal of our country goes deeper. Our ancestors tried to put into real life the dreams of ages past. They tried to bring possibilities within the reach of hopes. To you and me they left the legacy of liberty and equality, and they came nearer to realizing these ideals on a larger scale than in any other country on earth. If you ever weary of the words "liberty" and "equality", go back to the ideas behind them; and when you become impatient or distressed with the life we lead when times are bad, ask yourself if you would like to go back to knighthood or to tyranny or slavery. You do not have to use much imagination. Think what is happening to many unhappy people in certain so-called "civilized countries" at this very moment.

America grew to love liberty and equality. There was nothing automatic about this development. It was no natural growth. Nothing is farther from the truth than the belief that the "fierce spirit of liberty" and "hope of equality" pervaded all the early settlers alike; that all the newcomers embraced these ideals, and then there ensued a process of gentle evolution. In fact, I think it can be argued successfully that just the opposite is the case; that men, when left to follow their natural tendencies, drift steadily into despotism, and that equality is foreign to all the instincts of man. No; there was nothing unconscious about the development of American ideals. Liberty and equality were bought at the price of great effort and sacrifice.

What happened, was roughly, this: Most of the colonies were settled under grants by the King to favored individuals. This put a ruling class in power at the start. These large landowners imported the poor, the humble, the destitute to work for them. Class lines were sharply drawn. The rich exploited the poor. Even in the colonies like Plymouth, which started with everybody poor and nearly equal, distinctions of class and caste came only too soon. As a colony grew older, it tended to become less democratic. Liberty and equality would have vanished from the American scene had not two factors operated. The first of these was the frontier constantly extending into the West. The seaboard might lie in the clutches of royal governors and wealthy landowners, but on beyond, at the edge of the Indian country, there was a chance for the man of no wealth; and into these settlements went those enticed by ideals of democracy or driven by a sense of oppression. The second factor was the presence of fearless and humane analysts of our social order, men like Samuel Adams, Thomas Paine, and Jefferson who hesitated neither to preach nor to complain. By the patriots on the seaboard, by the democratic communities in the backwoods, stimulated by stupidity of English misrule, the struggle for liberty and equality was maintained. Often there was a period of quiet. Occasionally there was a recession as there has been in these recent years. But the struggle went steadily on. Never was it a quiet growth. Never was it a mere exercise of the suffrage. It was a constant and bitter fight.

One of the best illustrations of this struggle for freedom and equality in the United States is found in the history of our education. You know, of course, in certain colonies education developed rapidly. By 1650 Massachusetts had an excellent school system, and Maryland almost at the start led the way in its educational organization. But did you know that from the early days until 1825 there was almost a steady decline? By 1800 our education was at its lowest ebb. The wealthy sent their sons to private schools; a few charity schools were maintained for pauper children; the rest had no schooling at all. The story of the way in which our present system of public schools got its start should be an inspiration to us all.

You see, the United States, about the time when Washington was President, began to go through the industrial revolution. Prior to this the bulk of the manufacturing (as the name implies) had been done by hand. When spinning and weaving were performed on the wheel and hand loom, the work could be done at home just as well as anywhere else. In fact, it was more advantageous so, for the weaver could run a small farm in summer, weave on rainy days and in the winter, and sell or trade the cloth himself. When Samuel Slater, who had worked in factories in England, was able to duplicate from memory the carefully guarded secrets of the power machines, he started the factory system in America. No longer could one worker compete with steam or water, and many machines could be driven as easily as one, provided they were under one roof. This meant that the worker lost his independence. No longer did he own his own loom. No longer was he his own boss. Together with many others, he became a factory hand and worked for an owner who bought the raw material, paid a wage, and sold the product. This industrial revolution put many men in the power of one; it brought country people to the city; it crowded miserable tenements; it stimulated vice, immorality, and disease; it forced miserable conditions of work and long hours of labor by men, women, and children.

James Truslow Adams, writing of these times, says:

"In collecting our help", wrote one (New England millman), "we are obliged to employ poor families, and generally those having the greater number of children." "Tending machines", wrote



another, 'did not require men, but was better done by girls from 6 to 12 years of age.' \* \* \* In one Rhode Island plant in 1801 Josiah Quincy found 100 of them at work for from 12 to 25 cents a day, there being 'a dull dejection in the countenances of all of them.' Possibly three quarters of the operatives were young women, but sometimes an entire family let themselves out. In one case, for example, a man signed a contract for \$5 a week for himself, \$2 for his 16-year-old son, \$1.50 for his 13-year-old son, \$1.25 for his daughter of 12, \$0.83 for his boy of 10, \$2.33 for his sister, \$1.50 for her son of 13, and \$0.75 for her daughter of 8." (Adams, James Truslow. *The Epic of America*, Boston, 1933, p. 131.)

On June 15, 1825, the Senate of the State of Massachusetts received a report of a survey of hours of children's labor and their opportunity for schooling. Instances were cited of 354 boys and 584 girls. Six worked only 11 hours a day, many at least 12 hours, and most from daylight to dark. Only 27 boys and 71 girls had any opportunity whatever to go to school, and even this was "for 4 weeks" or "for 8 weeks" or "for 2 months, because of lack of water", which kept the factory closed. All through the records of legislatures, patriotic societies, and labor organizations of that time are found analyses of conditions and protests and evidences of pressure upon lawmakers for the correction of evils. The committee on education of the New England Association of Farmers, Mechanics, and Other Workingmen concluded their report of April 3, 1832, as follows:

"Your committee cannot, therefore, without the violation of a solemn trust, withhold their unanimous opinion that the opportunities allowed to children and youth employed in manufactories to obtain an education suitable to the character of American freemen, and the wives and mothers of such, are altogether inadequate to the purpose; that the evils complained of are unjust and cruel; and are no less than the sacrifice of the dearest interests of thousands of the rising generation of our country to the cupidity and avarice of their employers. And they can see no other result in prospect as likely to eventuate from such practices than generation on generation reared up in profound ignorance and the final prostration of their liberties at the shrine of a powerful aristocracy: Therefore be it

"Resolved, That a committee of vigilance be appointed in each State represented in this convention, whose duty shall be \* \* \* to get up memorials to the legislatures of their respective States praying \* \* \* for some wholesome regulations with regard to the education of children and youth employed in manufactories." (Commons, J. R. *Documentary History of American Industrial Society*, Cleveland, 1910, V, pp. 198-199.)

Petitions of this kind had a powerful effect, and it was not many years until free public schools had been established in almost every industrial State, with child labor laws and compulsory attendance regulations.

Thus it is plain to be seen that the prevention of child labor and the development of compulsory education for all children was not primarily a humanitarian idea, conceived by leaders like Horace Mann and Henry Barnard, to be conferred by kindly taxpayers upon a grateful people. Rather, public education was the result of an organized demand by the people themselves. They were angry. They knew what they wanted—and they got it.

The American public school is a response to the demand for liberty and equality; and every added offering and every educational improvement has its origin there. Kindergartens and libraries, adult and physical education, teachers of music and art, school doctors, dentists and nurses, adequate equipment and fireproof buildings, free textbooks, transportation, schools for blind, deaf, and crippled, and vocational education—each was provided by representatives of our people, school-board members or legislators, because citizens demanded these opportunities for our children. None of these improvements come by natural evolution. They were the achievement of years of struggle on the part of millions of militant citizens.

Make no mistake! Teachers did not force the school system upon the American taxpayer. Teachers did not expand the educational offering. Teachers did not compel the extension of opportunities more equally to all. Teachers were merely employed to do what the public wanted; and it was the public that overpowered the miser, the exploiter, and the autocrat.

I have attempted to show the relation of the American school system to the national purpose of our country. Tenaciously, by bitter struggle, both in Europe and America, our fathers labored. The advance was not steady. There were periods of wavering, of halt, and occasionally there were recessions. But from each period of difficulty the old ideals emerged stronger than ever before.

In the midst of the present crisis we are deluged with proposals as to the way out. We hear alluring talk of fascism, communism, and assumption of governmental power by self-selected engineers and technologists. Let us be sure that we appraise all these in the light of the American ideal. President Roosevelt and the Government at Washington, in masterly fashion, are demonstrating to us and to the world that a firm hand and a clear plan can operate with respect for liberty. They know that for too many years the world has lived under tyrants. Let us also recall the ages when we lived in ignorance; and when we hear suggestions of returning to the days of the little red schoolhouse and when we see legislatures forced to question every educational offering beyond the barest minimum, let us clearly recall conditions as they were when children did not have a chance. For the

price of liberty is eternal vigilance, and public education, dear to the hearts of the American people, is a liberty we prize and a right we will maintain.

#### FARMERS' UNION LEGISLATIVE PROGRAM

Mr. THOMAS of Oklahoma. Mr. President, I ask permission to have printed in the RECORD an address delivered by John A. Simpson, president of the National Farmers' Union, over the National Broadcasting System on Saturday, April 22, 1933.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

#### LEGISLATIVE REPORT—FARMERS' UNION ACTIVE

Since our last radio talk, March 25, the Farmers' Union legislative program has received unusual recognition in the United States Senate. Our program and organization were recognized first by the Senate Agricultural Committee granting an open hearing on the farm relief bill. This lasted for 4 days. You would find a report of this hearing most interesting. I am sure you could secure a copy by writing your Senator, asking him to mail you a copy of the hearing before the Senate Agricultural Committee on H.R. 3835. A thorough study of these hearings will be worth a lot more to you than newspaper reports as to what the farm bill contains and what the Farmers' Union plan of marketing embraces.

The 5th of this month the Senate Agricultural Committee, after the conclusion of the open hearings on the farm bill, unanimously put the Farmers' Union cost-of-production plan into the bill. It is found on page 25 of the bill and entitled "Part 3."

A letter from Hon. Paul Nesbitt, of Chama, N.Mex., says that after reading the testimony of the various witnesses before the Senate Agricultural Committee on the farm bill he is not surprised that the Senate was convinced of the merits of the Farmers' Union cost-of-production plan.

Immediately after receiving a favorable report from the Senate Agricultural Committee, I sent out a call asking our members over the United States to send delegates to Washington; also to wire and write Congressmen and Senators. An avalanche of telegrams and letters came to Washington. Over 200 Farmers' Union members from 21 States were here for a week or more assisting me in my efforts to convince Members of the United States Senate the Farmers' Union cost-of-production plan should remain in the bill. We also secured conferences with the Secretary of Agriculture, Mr. Wallace, and with the head of the Farm Loan Board, Mr. Morgenthau. A committee of 5, selected from the delegation of 200, together with myself, were also granted a hearing with the President.

After several days of debate in the Senate the Farmers' Union cost-of-production amendment was adopted by a vote of 47 to 41. It was a great victory for the one farm organization that had the courage to stand for what they believed right regardless of who opposed it.

To you farmers listening in, if that is the kind of an organization you like to have represent you here in Washington, join with us and make us stronger; or if you do not believe in it, remain on the outside where you hinder what we are trying to do.

I want to take time to mention that our members in Ohio, Michigan, and Pennsylvania, where they have self-organized as a result of these radio talks, were well represented here in Washington and did splendid work in behalf of the National Farmers' Union legislative program with their Senators and Congressmen.

My own home State, Oklahoma, sent the largest delegation, 46. The best recommendation that I can bring to any audience is the fact that for 14 years the Oklahoma State Farmers' Union in their annual conventions each year elected me their president, and always respond to every request I make as national president.

It is to the credit of anyone to gain the approval of strangers, but it is doubly true of he who has the approval of his home folks.

While the delegates were here in Washington they also did effective work on the Frazier bill and the Wheeler bill. I am sure their work was a factor in the Wheeler bill receiving 33 votes in the Senate on the 17th of this month. About 60 days ago, in the last session of Congress, in a test vote it only received 18. The Wheeler bill provides for the remonetization of silver and is known as "S. 70."

In all our contacts with Members of the House and Senate, and we had meetings in which as many as 48 Congressmen and Senators attended, we thoroughly impressed on them that the Farmers' Union is against all bond issues. We consider it almost a crime for this Government to issue bonds and pay bankers interest every time the Government needs money. We are firmly convinced that if it is safe for the Government to sign an interest-bearing obligation, it is much safer to sign a United States Treasury note that is a noninterest-bearing obligation.

#### THE FARM RELIEF BILL

They tell you the farm organizations sponsored the administration's farm relief bill. I shall give you some first-hand information and let you draw your own conclusions as to whether those who wrote the bill were real representatives of the farmers of this Nation.

On page 8 of the hearings before the Committee on Agriculture of the United States Senate on H.R. 3835, Secretary of Agriculture Henry Wallace gave the committee the list of names of those who



wrote this bill. I find he gives 34 names. I do not have the time to give you all of these names and tell you who they are. I shall only give you a few of the most prominent ones.

First, I find that great farmer, Mr. E. F. Creekmore, who labors for the American Cotton Cooperative Association at a meager salary of \$75,000 per year, either getting his pay out of the taxpayers of the Nation or the 5-cents-per-pound cotton turned in by the farmers who belong to the cotton association. This friend of the farmer helped write the bill.

I find Mr. C. E. Huff, president of the Farmers' National Grain Corporation, represented by M. W. Thatcher. Mr. Huff was a country preacher, serving as a minister without pay. He now patriotically draws \$15,000 per year and expenses from the Farmers' National Grain Corporation. This patriot, through his representative, Mr. Thatcher, helped write this bill.

I observe among those of the brain trust, who assisted in constructing this wonderful piece of legislation, the name of Dr. J. Phil Campbell, director of extension, Athens, Ga. I presume you farmers in Georgia listening in feel like you were well represented when this bill was drawn.

Here are another bunch of patriots who rendered valiant service in the construction of this farm-relief measure. They are editors of commercial agricultural papers. The prosperity of these papers depend upon the advertising they receive from the big-business interests that exploit the farmers. Here they are: Dr. Tait Butler, editor Progressive Farmer, Memphis, Tenn.; C. V. Gregory, editor Prairie Farmer, Chicago, Ill.—Gregory farms the paved streets there in Chicago; Mr. Dan Wallace, editor The Farmer, St. Paul, Minn.; Mr. Dante M. Pierce, with the Wallace Publishing Co., Des Moines, Iowa. You farmers were certainly well represented among the authors of this great proposed piece of legislation.

I wish I had the time to analyze every one of them. I do not. However, I must not omit the last signature on the list, that great farmer, H. I. Harriman, president of the United States Chamber of Commerce.

One year ago the National Grange, the American Farm Bureau, and the Farmers' Union agreed on a marketing program and prepared a bill that was approved by the Committee on Agriculture of the United States Senate and by the Committee on Agriculture of the House of Representatives. In the Senate it was known as the "McNary bill, S. 5027." We prepared a pamphlet and sent it to each Member of the House and Senate; in fact, scattered them all over the United States. I read from page 3 of that pamphlet:

"The Marketing Act should be amended immediately by the inclusion of the debenture plan, equalization fee, or any other method which will make it effective in controlling surpluses, in making tariffs effective on farm crops, and in securing for American farmers cost of production on those portions of their crops sold for consumption in our own Nation; nothing less is a remedy for the agricultural-marketing problem."

The Farmers' Union in three national conventions adopted that kind of a program unanimously, and as late as March 11, this year, in a Nation-wide convention in Omaha reiterated our allegiance to the principles of "cost of production for that portion of our crops consumed in this country."

The only crime I committed was being loyal to the Farmers' Union by supporting the program adopted in their national convention. I was one farm leader in Washington who did not surrender.

As the bill passed the House, title I, section 3, reads as follows: "The Federal Farm Board and all departments and other agencies of the Government are hereby directed to sell to the Secretary of Agriculture at such price as may be agreed upon all cotton now owned by them."

In the hearings I suggested to the committee that there was great opportunity for scandal in this provision. Upon this suggestion the committee amended it to read, "That the Secretary of Agriculture should not pay more than the market price on the day of purchase. My suggestion probably saved the taxpayers of this Nation not less than \$30,000,000."

To you farmers listening in, let me say that you need someone to help you here in Washington who does not surrender.

#### LEGISLATORS OR RUBBER STAMPS

I have been doing legislative work in Washington for the last 20 years. It is my judgment that in all that time there was never a higher standard of Members of the House and Senate than in this session of Congress. The vast majority of them are sincere, able men and women, willing to do their very best in the interest of the people who sent them here.

They have been handicapped in many instances by the demands from their home folks for them to follow the President, right or wrong. The newspapers of the country have fed the Nation that kind of froth and foam—a lot of hooey. Some of you listening in have written, others have wired your Congressman and Senators, commanding them to vote for some pending bill that the sender of the telegram or letter had never read. I warn you to be careful about instructing your Congressmen and Senators concerning bills that you have never seen. You should want your Congressman to be faithful to his oath of office and be a Congressman instead of being disloyal to that oath by becoming a rubber stamp.

It is strange how the press can deceive the public with statements that are so inaccurate. Ten-year-old children would discover the inaccuracies. For instance, one of the editors of the Sioux City Tribune, Sioux City, Iowa, had a front-page editorial the 13th of this month in which the editor stated that I had dis-

mally failed in my efforts before the Senate Agricultural Committee to even get consideration for the Farmers' Union cost-of-production plan. It was a long editorial, with every paragraph just as big a misstatement of facts. The Associated Press had carried the fact that the 5th of this month the Senate Agricultural Committee had unanimously placed the Farmers' Union cost-of-production plan in the bill. The very day the Tribune carried this editorial the United States Senate, by a vote of 47 to 41, adopted the Farmers' Union cost-of-production plan and placed it in the farm bill. This fact was carried in the Associated Press everywhere. It is a mystery why the Sioux City Tribune should so absolutely misrepresent the truth, and more strange is the fact that some of its readers were led to believe the statements in the editorial. This is just a sample of the more than a thousand clippings I have received where newspapers have misrepresented the Farmers' Union and myself, as its national president. So far as I am concerned, it is of small importance. I am immune. Your Congressman, your Senators are not immune. You should treat them fairly and know the facts before you form opinions of what they are doing.

#### DISARMAMENT

Among peace societies doing effective work in behalf of abolishing war is the Women's International League for Peace and Freedom. They are right now in an active campaign all over the United States getting signatures to a disarmament petition. The Farmers' Union believes in every honest effort toward ending war. We also believe world-wide disarmament is necessary to outlawing war. When these disarmament messengers present their petition we recommend every patriotic citizen sign.

#### QUACK REMEDIES

All kinds of cures for the ills that beset the farmer are bobbing up in Congress these days. One of these is a bill for requiring a certain percent of alcohol in all motor fuel. The theory is that it would help corn farmers by using large quantities of corn for making industrial alcohol.

The Department of Agriculture is making an investigation of the subject, and a few days ago called those interested into a conference. I listened for 2 hours without getting much practical information. About that time the chairman asked me for any statement I should like to make. I told him I had no statement to make, but I should like to ask the experts present a few questions. The privilege was granted me, and I asked those interested in alcohol the wholesale price of alcohol per gallon at the present time. They told me 40 cents per gallon. I asked from what this 40 cents per gallon alcohol was made. They answered that it was made of blackstrap molasses. I asked why they did not make it out of 15-cents-per-bushel corn. They said that it would make the alcohol cost more; that blackstrap molasses was a cheaper material for making alcohol than 15-cents-per-bushel corn. I then asked what the wholesale price of gasoline was, and they told me that a standard grade of gasoline was a little less than 3½ cents per gallon. I then suggested to those present that in the first instance all the crude oil belongs to farmers; that it was a farm crop just as much as cotton or wheat. I also called their attention to the Government reports that practically every State has oil potentialities. Some of the States where oil is still undiscovered are reported by the Government geological surveys as having almost every acre an oil possibility.

I am sure it would be interesting to many farmers listening in, that in States where oil has been discovered many times farmers get annual rents for leases given on the underground crop. For many years in Oklahoma I received a dollar per acre on 400 acres of land that was more than a hundred miles from the nearest oil well. It was rent money from my beneath-the-surface crop. It paid my taxes.

I am forced to this conclusion: It would be folly to require the users of motor fuel to purchase 40-cent-a-gallon fuel when there is an overproduction of 3½-cent-per-gallon fuel. It would be discrimination to say to the farmers who have oil beneath the surface of their farms, "We will, by legislation, cut off the market for a certain percent of your fuel oil." It would be like passing a bill for the cotton farmers in which all clothing had to be made of cotton.

I am not sure but what certain interests bring up these side issues for the purpose of muddying the waters and getting our attention away from the real issues.

#### BROADCASTING GETS RESULTS

We have received many, many letters from our program of this station a month ago. Not only have we received these letters but the results have been splendid. Here is a letter from Mangum, Okla., that says more than a thousand people listened in from that town. Here is one from Guthrie Center, Iowa, stating that neighbors whose radios were out of commission came in wagons to listen in during the Farmers' Union hour. Our national secretary reports that the largest self-organized local for this month is Oberlin local, at Blanchard, Mich. They organized and sent in 80 male members and 59 women, a total of 139. One of the songs in today's program was dedicated to this local.

I recommend that all over the United States you call county meetings for Saturday, April 29, these meetings to be held in your courthouse at 2 p.m. that day; that you discuss these various questions and adopt resolutions, mailing a copy to the President of the United States, to your Congressman, and your Senators. That will be four copies. Also agree to write individual letters. By all means do not neglect to resolve against the Government



issuing any more interest-bearing obligations. Declare in favor of the Wheeler bill, the Frazier bill, and cost of production. You can afford to do this much to help yourselves. You farmers who gather at these courthouses where you have no Farmers' Union, form a temporary Farmers' Union and write to E. E. Kennedy, our national secretary, Kankakee, Ill., for information and full instructions. Remember it is those farmers who belong to the Farmers' Union who make possible the work the Farmers' Union is doing here in Washington. You farmers who do not belong, so far as you are concerned, we would have to abandon this work today. Get in and make us stronger in our fight for you.

#### INFLATION

Things have been happening very fast in the last few days. There are indications that there is a general movement on the part of the administration and the leaders of both House and Senate to start a program that at least approaches that of the Farmers' Union. However, do not get excited. It may turn out as the farm bill did—a thing of little value—or as the refinancing bill, of even less value than the farm bill. The refinancing bill does not even approach the remedies offered in the Frazier bill. The inflation promised at this particular time may turn out to be as weak as what has been offered us in the farm bill and in the farm refinancing measure.

I am sure you have observed, however, that just the talk of inflation has been worth more to prices of commodities than the moratorium, Reconstruction Finance Corporation, the home-loan bank, and all the billions of money borrowed by the Government and poured out to big institutions.

If we could only have a real application of the Farmers' Union program; if we could have cost of production for that portion of farm crops consumed in this country; if we could be refinanced as the Frazier bill provides, with Government money instead of money borrowed from bankers and on a basis of 1½ percent interest instead of about 5 percent as provided in the refinancing bill; if we could only have the Wheeler bill passed, which provides for the remonetization of silver, then this Congress could go home with absolute assurance that they had not only saved this Nation but the whole world. Such a program put into operation would preserve and protect the integrity of all property. It is high time the Government was giving a little protection to the property of the people as well as to the money of the bankers.

It is a shame and a disgrace that every time the Government needs some money it must sign an interest-bearing obligation in order to have bankers sign and make some money for the people. If there are people who have so much money they are willing to loan it to the Government, this Government, instead of borrowing that money, should make them pay the expenses of Government through taxation.

I can remember, during the World War scoundrels would go out to farmers to sell them Government bonds when the farmer had no money with which to buy the bonds. These rascals would say, "I will loan it to you." A few farmers had the nerve to grab a club and run such reprobates off their farms. Think of the gall of it. A man with plenty of money making a farmer who had no money borrow of him to buy bonds.

Think of the ultrarich of this country supporting and promoting a tax system that takes out of the mouths of children the very food they need in order that these ultrarich may have money to loan to the Government.

We Farmers' Union folks are doing everything in our power to get officials in Washington to see that it is a crime for this Government to issue any more interest-bearing bonds. These ultrarich draw interest from taxes raised out of the sweat of the farmers and laborers of this Nation. These same ultrarich get written into the laws provisions for exempting the bonds that they hold from all kinds of taxation. If there is such a thing as a human leech, a human barnacle, it is the promoter of tax-free Government bonds.

#### THE WHEELER BILL

For a permanent cure and a world-wide remedy there is no substitute for the Wheeler bill. It is the only inflation that immediately makes a market for the products of the farms and factories of this country. It is the only measure that increases the cost of production of commodities in the silver-using countries to the extent that those countries can afford to buy our products.

Complaints of our people multiply. They say that the products of other nations are pouring in as never before, paying the tariff, and then selling at less than the cost of production in this country. They all agree that the cause is our high-priced dollar. Just recently France has been shipping in common building stone. The Legislature of Alaska a few days ago passed a resolution memorializing Congress. They set up in this resolution the fact that Japan was selling canned salmon in this country, after paying the tariff, at a lower price than cost of production of American salmon fisheries. They complained that the Canadians are shipping in halibut and selling it below American cost of production. Other nations with cheap currencies sell us their goods, make their profits, and laugh at our superstitious worship of the gold standard.

A dozen years from now we will look back and wonder how those who plundered and robbed us could deceive us into permitting the money of the country to be issued and controlled by a handful of bankers.

I want to close with a quotation from an address I read the other day delivered by Mr. Arthur E. Seagrave, of Fall River, Mass.: "We need inflation and inflation we mean to have. The word 'inflation' makes some people shrink with fear, but it never yet

scared a man with a flat tire. It is the one thing he wants above all else. The world is now traveling on a flat tire. It needs inflation to permit travel over rough roads. Its car is parked near a pump marked 'gold', but there is no pressure in the tank. We have waited a long time for relief but it has not come. But we have overlooked another tank nearby. It bears a silver label. For years it was hooked up with the gold tank until some gangsters severed the connection. But this tank is full. All we need is to restore the connection once more. Then we can reflate the tire, can renew our journey with ease and comfort, and we can finish our course with hope and confidence."

Let me also read from the pen of ex-Senator C. S. Thomas an article that recently appeared in the Rocky Mountain News. Senator Thomas is 84 years old, but his mind is as clear as a bell and his eloquence without a peer.

"Shakespeare once defined gold as the visible god. Whatever its physical qualities, it was always, and still is, the most formidable deity ever worshiped by mankind. Even when the first commandment was voiced at Sinai, the Jews were imaging the golden calf at the foot of the mountain. Moses destroyed their statue but he could not dethrone the metal which, until quite recently, men and women were privileged to see, albeit the bulk of it was buried in the ground from whence it came."

We, or some of us, therefore, know that it is yellow, bright, and heavy. Also, that by reason of the supernatural qualities with which it has been endowed, it measures and shifts the values of all things spiritual and material. Moreover, the more fortunate of the people until recently could actually acquire and enjoy meager portions of it, while, theoretically, those possessed of other forms of money might demand its conversion into gold as the only real money in the habitable world, those contending for other standards being neither honest, intelligent, nor trustworthy. The metal failed to function and then abdicated. Yet the gold god is too sacred to be seen. Its fires burn too brightly for mortal eyes to gaze upon.

The leader of American democracy, ostensibly invested by Congress with the purple of unlimited power, last week issued an old-fashioned Russian "ukase" commanding all citizens—they are still so designated—by or before May next to deposit with the financial authorities all gold and gold certificates in their possession in exchange for other forms of money. Failing this, the President by the same edict subjects them to arrest, indictment, and on conviction to a maximum fine of \$10,000 or sentence of imprisonment for a term of 10 years, or both. The visible god of Shakespeare is thereby clothed with invisibility and the single standard transformed from a human agency into a thing of omnipotence.

Under the law as written, gold is legal tender for the satisfaction of all human obligations. He who demands and he from whom it is demanded have no alternative but compliance with its terms. It was thus enacted at the behest and by the command of the single-standard powers, and until yesterday it functioned as "the law of the land." But the President by his "ipse dixit" has assumed to repeal it.

The owner of paper money is not only prohibited from demanding its redemption in gold; he is commanded under the sanction of the Penal Code to exchange with the Treasury for its paper. Although his own, he may not even retain it save at the risk of his liberty. Its mere possession after May 1 becomes a felony *eo ipso*, not by act of Congress but by Executive order based on legislative delegation of authority.

With all due acknowledgment of the best of intentions, with which hell is said to be paved, I assert that this Executive order is the most deadly and appalling attack upon the integrity of the American Constitution thus far encountered since its ratification. Only by abdication can the Congress so legislate. Its Members falsify their oath of office when they so ordain. The President has no more power to exercise the authority thus conferred than he had before the effort was made to confer it. The plea of necessity would be farcical if the incident were not so tragical in its reaction upon American institutions.

If the assertion were true that the salvation of the Republic or of the gold standard required this extreme policy, which it is not, then neither is worth the sacrifice. The latter has long been a curse and will so continue as long as the public interests are sacrificed upon its altar. Moreover, the Government has but to stretch out its hand and grasp the remedy—a fact which the world keenly realizes while its chancelleries willfully shut their eyes to it and will have none of it. If, on the other hand, penalizing by edict of those rightfully possessing and entitled to the use of gold is within the Executive power, especially in times of peace, then no right of the American citizen is safe from the exercise of despotic power.

The Nation has traveled far and fast on the road to centralization since the Civil War, but it is somewhat melancholy to reflect that the Democratic Party under Wilson and Roosevelt has done more to demolish State boundaries and trample upon the fundamentals of the Bill of Rights than its opponent, which for three quarters of a century we have bitterly denounced for its disregard of constitutional limitations. And the bitter pill is now coated with gold whose bar sinister, branded by fraud on the Nation's forehead in 1873, dictating its policy for 60 years, itself bankrupt in morals and in fact and doomed to early extinction, has now dragged democracy into the fathomless pool of repudiation. "Alas, it is not in our stars but in ourselves that we are underlings."

Comes at this juncture the economic statement that due to expansion of debt and destruction of values, the Nation's liabilities exceed its assets. If this be true, bankruptcy is in sight and re-



pudiation is inevitable. Is it surprising that gold as usual has between 2 days run to its cover, disappeared in the gloaming and left the Nation to the elements and to fate?

#### STATEMENT BY SENATOR REED AND OTHERS AS TO INFLATION

Mr. AUSTIN. Mr. President, I ask leave to have inserted in the RECORD a statement on the subject of inflation issued by Senators REED and WALCOTT and Representatives SNELL and LUCE.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune of Apr. 22, 1933]

#### REPUBLICAN ATTACK ON INFLATION

WASHINGTON, April 21.—The statement assailing the Roosevelt inflationary program, issued tonight by the Republican leaders, Senators DAVID A. REED, of Pennsylvania, and FREDERIC C. WALCOTT, of Connecticut, and Representatives BERTRAND H. SNELL, of New York, and ROBERT LUCE, of Massachusetts, follows:

"The administration inflation bill violates the most elementary principles of sound monetary, credit, and financial policies. It is better designed to defeat than to promote business recovery.

"It is said that the bill is necessary in order to avoid more radical legislation. What could be more radical than authority to issue printing-press money and to give one individual, in direct violation of the Constitution, the power to alter at will the value of the medium through which all business transactions are conducted and the terms of all monetary obligations and the value of all property expressed?

"While there are grave objections to the nomination of the Federal Reserve System by the Treasury, and it is hard to defend the unsound practices of the Government's borrowing directly from the central banks, yet in spite of these objections and the doubts which we entertain as to the efficacy of the remedy, in view of the existing emergency and the recognized need for an advance in all commodity prices, we would be willing to support some such provision as section 1 for the expansion of credit by means of open-market operations, even through direct purchases from the Treasury by Federal Reserve banks, providing discretion as to the amounts to be purchased up to the maximum provided were given the Secretary of the Treasury and the Federal Reserve officials, instead of the provision as it now stands which authorizes and practically compels the purchase of \$3,000,000,000 of Government securities, irrespective of the credit or banking situation.

#### TERMED "INFLATION ON GRAND SCALE"

"The second section authorizes resort to the printing press and the issuance of fiat currency. It is not simply an alternative proposal to section 1 but may be supplemental. That is in addition to the \$3,000,000,000 of bond-secured currency provided for by section 1; section 2 authorizes the issuance of \$3,000,000,000 of notes with no reserve or security of any kind back of them—undisguised printing-press or 'say-so' money. In other words, the two sections combined mean \$6,000,000,000 of additional currency, half secured by paper and half just paper. This would represent a doubling of our already swollen circulation. It is inflation on a grand scale. If it does not produce the expected results the Government, having conceded the principle, will be forced to increase the dose.

"If it does take and prices rise because of loss of confidence in the value of the country's currency then the Government may well find, as did those of Germany and France, that inflation once started feeds upon itself and soon gets completely out of control.

"This bill may well constitute the first step on the road to ruin which the German people took under compulsion, but upon which it is proposed we now voluntarily embark.

#### WORKERS WILL BEAR LOSS, THEY SAY

"Let there be no misgiving as to those who bear the loss. Not the well-to-do with funds invested in common stocks, who are in any event best able to take care of themselves, but the wage-earner who sees the cost of living fast outpace a lagging wage, the salaried classes and those with fixed incomes, the aged recipients of pensions and annuities, the savings-bank depositors, the holders of 122,000,000 insurance policies, the small investors with their life savings invested in one or two sound bonds, and last but not least, the farmer. German farmers today are heavily in debt and pay higher interest rates than before the great inflation.

"It may be urged that the President will not exercise the authority granted. Then why does he ask for it? And surely those who are powerful enough to force him to agree to this legislation will be strong enough to compel him to make it effective.

"The third section would authorize the President, in his discretion, to fix the number of grains in the gold dollar, but at not less than 50 percent of the present standard. This is unconstitutional. Section 8 of the Constitution vests in the Congress the 'power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.'

"But aside from the constitutional feature, it is unthinkable that there should be vested in any individual the arbitrary power to alter at will the value of money, which so directly and vitally affects all human relationships, obligations, activities, rights, and property.

#### EFFECT OF DOLLAR DEVALUATION

"To those who look upon the devaluation of the dollar as a means of raising the domestic price level, this action will, in our judgment, prove disappointing. It will accelerate the world competition in currency depreciation and further depress world prices and markets, to the detriment of our agricultural producers. It will only indirectly, and as a long-time process, result in an increase of domestic prices.

"The second and third sections of the bill destroy whatever chance of success the first may hold. The effect of the first proposal would be to create large excess reserves in the banks, which, seeking employment, would expand credit and foster a business and price increase providing other conditions are favorable. But the key to a business revival is cheap long-term money which will encourage the revival of heavy industries and the purchase of capital goods. But who can afford to lend on time with the threat of inflation, dilution of the currency, and the arbitrary decrease of the value of money staring him in the face? Who can afford to contract to build or to make any long-term commitment when the entire price, wage, and monetary structure may be altered at will by one individual before the contract falls due? These threats, this uncertainty, means not business stimulation but stagnation and the complete elimination of a capital market. Prices may rise, but they will rise as a result of fear, not of confidence, and no permanent prosperity can be erected on any such base.

"It seems unnecessary to emphasize that these proposals may involve the partial repudiation by the Government of its obligations and the impairment of countless contracts affecting immense sums payable in gold of the existing standard of value—contracts made by our States, our municipalities, innumerable corporations, and individuals, and millions of purchasers in good faith of their securities and obligations."

#### REMONETIZATION OF SILVER

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to have printed in the RECORD an excellent address delivered over the radio today by the senior Senator from Montana [Mr. WHEELER] relative to the remonetization of silver.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen of the radio audience, if I were an artist I would picture Uncle Sam as a great, sleeping giant just waking to find himself bound hand and foot, and struggling to free himself of the fetters placed upon him by his own children and his supposed friends. I would show how his own trusted financial leaders had betrayed his confidence, and how his former allies in the World War, England and France, were plotting his economic ruin. I would picture on his face surprise, then disillusionment, followed by a determination to be free.

For several years I have been trying to tell the American people that our primary money was not sufficient, and that low commodity prices were due to this shortage of primary money. More than a year ago I introduced my bill for the remonetization of silver in the United States Senate. It was ridiculed by the press and by some political leaders in both parties, but, because of its merit, and because it offers the only safe method of enlarging our primary money and raising commodity prices, it is now supported by many financial and political leaders, as well as by the Farmers' Union and millions of people in every walk of life.

I shall not attempt to paint a picture of economic conditions today with its millions of unemployed men and women vainly seeking work and facing actual starvation, for these conditions are known to everyone. Nor shall I give much time to a consideration of the forces responsible for this depression, save as it is necessary to an intelligent diagnosis of the evils which we are attempting to cure.

I sincerely hope that no farmer or other listener to my words today will misinterpret my attitude toward the national administration. I have profound admiration for the courage and alacrity with which the President and his coworkers have taken up the stupendous task which confronted them on assuming the responsibility of government. I also trust that no citizen will forget when he is disposed to criticize anything which has been done or which it is proposed to do, that this administration took over the reins of government when the Nation was in a state of almost complete financial, industrial, and agricultural collapse. It would be beyond the powers of any group of human beings to completely rectify that tragic situation in a relatively few days, a few months, or even a few years, or to do it at all without perhaps making some tactical errors in the method of approach to the enormous task.

But I do want to say that real friendship for the administration is not best expressed by unreasoning approval of every suggestion which might be credited to those in authority. The real friends of the administration will leave the praise largely to those who are always seeking to reach the favor of any man who happens to be in authority. And those real friends will submit constructive criticism to any proposed measure which they deem unsound and will continue to make suggestions along the lines which they believe would be most helpful to the Nation and in that manner to the administration itself.

History should warn the President that at the hour of his greatest national acclaim he should be most thoughtful of his



future. I do not forget that 4 years ago at this time it was almost sacrilege to question the superhuman wisdom of the great engineer who then occupied the White House, nor do I forget the relatively few years ago when President Wilson was the recipient of world-wide acclamation almost bordering on idolatry.

I need not remind you of the unhappy ending in both of these cases. It is a wise public official who never forgets that the approval of today may become the condemnation of tomorrow. The way to avoid that reaction is to make sure that the plans pursued will stand the test of time and permanently react to the welfare and prosperity of the people. In my long years of public service I concede that I have often been accused of radicalism, but never, so far as I know, of a lack of the courage of my own convictions. When I analyze the proposed financial measure I begin to wonder if I am not, after all, the conservative instead of, as I have so often been called, radical. So-called "conservatives" propose measures to give the President of the United States the power to revalue the gold dollar up to 50 percent at any time he may see fit. When and if that is done there will be no lasting stability in the money standard of this or any other country. When we delegate to the Secretary of Agriculture the power to tax the people almost at will; when we give the President the power to dictate wage reductions, reductions in the pensions paid; when we give him full authority over the railroads and then give him the right to fix the gold content of the dollar, the people who are clamoring that we should do this should realize that we are going a long way toward destroying our form of representative government and coming mighty close to setting up a dictatorship in the White House. It may be that our form of government has so far failed that the time has come to abandon it, but I am old-fashioned enough to still believe in the fundamental principle upon which the Government was founded. It should be remembered that power delegated by the people is seldom returned to them.

The drastic action now taken by our Government was forced upon us by the advantage which other countries had over us in world trade, due to their depreciated currencies.

Suppose we should reduce the gold content in our dollar and thereby cheapen the dollar—it is my judgment that other nations would immediately debase their currencies in order to try and hold the commercial advantage they now enjoy. There would probably follow a currency debasement race between the nations of the world that would soon destroy all currency standards and lead to a world inflation that might easily destroy our present social order.

On the other hand, the adoption of bimetalism by the United States would set an example that other nations would of necessity have to follow, with profit to themselves and no injury to anyone else. It is the only common ground on which the nations can meet on perfect equality and safety.

During the last 60 days the whole world-wide financial situation has attracted the attention of mankind. The struggle for commercial advantage between nations through the manipulation of monetary exchange was never more keen than at the present time. Ever since England went off the gold standard she has forced the pound sterling down and the American dollar up, because that gave her a commercial advantage by giving her a lower production cost than the United States under the gold standard. For some mysterious reason our great financial and political leaders joined forces with the British and did all in their power to force the purchasing power of the dollar upward. This resulted, of course, in forcing down commodity prices until they reached new low levels, and this, in turn, brought bankruptcy and ruin to agriculture and industry, and unemployment to millions of American workers.

When the United States placed an embargo on the exportation of gold and officially announced that the United States had gone off the gold standard, the exchange value of the dollar started to return to normal, and commodity prices began to rise. This greatly disturbed the British, because, in this movement of the dollar they saw clearly the possibility of losing the commercial advantages they have enjoyed since they left the gold standard. In an Associated Press dispatch from London on April 20 I read: "England's main concern is that trade advantages which she enjoyed because of her debased currency after her departure from the gold standard might no longer exist."

I am not blaming England for manipulation of her currency so as to benefit herself commercially, but what shall we say concerning American financiers who have worked day and night against the best interests of the American people?

For one thing I am thankful. We now have a clear picture of the whole world-wide financial situation. It is no longer necessary to argue that our financial structure is completely inadequate. Every thoughtful man knows that the world now stands at the crossroads and that the next 12 months may decide the destiny of our present civilization. Shall we follow the blind financial leaders who have betrayed us, and almost completely destroyed us, or shall we adopt a monetary policy that successfully served mankind for thousands of years, and was later destroyed by selfish bankers through trickery and deception in 1873?

I wonder if the American people know that the gold standard is of very recent origin, and that it is responsible for the condition in which we now find ourselves. I wonder if they know that silver and gold at a fixed ratio of value between the two metals was the monetary standard of mankind for thousands of years.

There are many bills before Congress that are designated as silver bills, and that fact has led to much confusion. In the great

majority of cases there is an honest difference of opinion about the merits of the several different proposals, but I think it can be truthfully said that there is also a concerted plan of the opponents of bimetalism to confuse the issue by the alleged support of certain of these purchase of silver bills. It is the old strategy of divide and conquer on the part of the enemies of effective silver legislation. Since all agree that one of the primary purposes of any such legislation is the increase of commodity prices, the question naturally arises as to how large a volume of increase in the basic money would accomplish that result. Certainly it needs no argument to prove that to purchase 100,000,000 ounces of silver at 50 cents an ounce as proposed in some of the bills would have no permanent effect whatever on the price of the farmers' and manufacturers' products. If any silver legislation is to have the potency to accomplish an increase in commodity prices, it must be a measure that makes silver a basic money on equal footing with gold, the foundation of the currency system of the Nation. In the last few days we have had a very realistic demonstration of the effect on prices of a proposed increase in the circulating money.

In the brief time which I have at my disposal today I want to impress on you as seriously as I can the fundamental differences between my bill and all the other proposed measures when it comes to the matter of international trade. Let us briefly summarize the international trade situation. Since the war every major nation of Europe has striven, and with considerable success, to make itself self-contained; that is to say, to become as independent as possible of the import market for food and industrial products. I am not criticizing the attitude of these nations; I am merely stating it as a fact to be considered in planning our future destiny.

Where do our future markets lie? What countries are there in the market for the surplus goods which we produce? If you look over the map of the world you will find that in every case where there is a great potential market for either our agricultural goods or our manufactured goods in the countries who need them the most, they use silver. Mexico is so short of the products of our mills and factories that for several millions of her people an empty 5-gallon oil can is a luxury to preserve with care for a hundred domestic uses. They need our shoes, our clothes, and hundreds of thousands of our automobiles. Mexico stands first in the nations of the world as a silver producer, and there is no other country on earth whose prosperity would be so quickly and strongly reflected in our own as Mexico. South America is also a tremendous potential market for our goods. For many of our farm products the Orient is now the greatest of all markets.

When we deal with the international trade situation we should forget these expedients based on one or two years of monetary control. At the end of these periods we will be as badly in need of export markets as we are today. Such problems should be based on a theory of centuries, not years. My bill would establish a permanent and fixed ratio of value between gold and silver in every market in the world. The ratio would be in keeping with the relative production of the two metals over many centuries of time and would be in complete accord with the historical performance of the two metals as acceptable money in world markets. Under this standard of bimetalism international obligations would be fixed and not subject to such demoralizing fluctuations as we have witnessed in the nations of the world since the war.

To those who fear that the Government would be flooded with silver should we remonetize silver, as provided for in my bill, let me ask, Where would the silver come from?

The Orient knows no other money excepting silver. For thousands of years many of these countries have refused to adopt the gold standard and have refused to use paper money or a checking system such as we have. Consequently, it is absolutely essential to their economic life that they keep the silver which they have in their own country in order to carry on their own trade and commerce. As an evidence of this, quite recently China and several other countries placed an embargo against the exportation of silver. Silver is to them what gold is to us. As the price of silver goes up China buys more silver, because she has to have more primary money when it becomes more valuable.

It has been suggested to me that in the event we remonetize silver we would stop the industrialization of China, India, and some of the South American countries. I think it is time that the American people stop thinking in terms of China, England, Japan, and South America, but to think in terms of the United States.

The trouble in recent years has been that we have been more interested in the welfare of the peoples of the rest of the world than we have been in the people of this country.

Giving China, India, Japan, and South America the benefits of cheap silver in order to permit them to industrialize their countries means, inevitably, the closing of factories in this country; it means, inevitably, that more people will be out of employment, lower wages, and longer hours. In other words, it means bringing down our standard of living to somewhere near the standard of living in the Orient, and I am at a loss to understand the minds of those who say that we must not remonetize silver because of the fact that it will stop industrialization in the Orient and in other countries.

We are today becoming isolated from world trade. Our surpluses are thrown on the domestic market, creating oversupply and a constant depression in commodity prices. This result is destructive, not only of our foreign and domestic market but to the maintenance of stable governments in silver-using countries. It forces their people to an industrialization destructive of our market for manufactured products in such countries. In sub-



stantiation of this statement, I call attention to the records of our Department of Commerce and reports of our officials:

For instance, in 1928 we exported to China \$50,000,000 worth of crude materials; in 1931 we exported \$55,000,000 worth of crude materials; in foodstuffs in 1928 we exported sixteen million and odd dollars' worth, and in 1931 fifteen million and odd dollars; and my understanding is that the drop in foodstuffs has been considerable since 1931.

In semimanufactured goods in 1928 there was \$20,000,000, and in 1931 it had dropped to \$12,000,000. In finished manufactured goods in 1928 there were seventy-eight million and odd dollars, and in 1931 there were thirty million and odd dollars' worth.

These statistics bear out what cheap silver is doing to our trade in China.

The depreciation of the capacity of silver-money-using peoples to purchase our goods produced and sold on the higher gold standard has almost extinguished some of our greatest potential markets. We are forced to the alternative of lowering our money measure of values or of raising the money measure of values of our foreign competitors.

This depression has proven beyond a question of a doubt that there is not sufficient gold in the world upon which to base the currencies of the world and thoughtful men everywhere are seriously considering and advocating a return to bimetallism.

We came within six votes of passing it in the United States Senate just the other day, and we would have passed it had it not been for the fact that Senator ROBINSON announced that the President of the United States was opposed to putting it upon the farm bill. I assert now that had we adopted my bill as an amendment to the farm bill it would have done more for the farmers of this country than all the farm legislation of every kind or character that has been advanced by professors, economists, or farm leaders throughout the United States.

Let me quote from a recent article by Lord Desborough, a noted British monetary authority:

"The world is admittedly suffering from a catastrophic fall in the level of commodity prices, followed by contraction of credit, wide-spread bank failures, financial crashes, State defaults, and repudiation of debts, which have diminished the available money of the world and caused serious economists to state in an official document that it is doubtful if this process continues whether our present civilization can survive.

"The remedy suggested in these pages is to revert to the long-established system of using both the precious metals linked together by a ratio as one metallic money for the world and as the foundation for the great structure of credit which will be raised upon it.

"Silver was demonetized in 1873 by the western nations and lost its power as money and became to a great extent only a commodity. If gold had been demonetized, the same thing would have happened to gold. At the time of the Californian and Australian gold discoveries there was a serious agitation to demonetize gold as creditors thought it was getting too plentiful, and that they were not getting the value of what they were owed.

"What is wanted is a stable measure of value for the whole world, East as well as West, which can be secured by having one standard founded upon the two precious metals linked together by a ratio."

In closing, let me say to every man who hears my views today and feels that I am right, I would ask that you respectfully write to your Senator and Congressman, urging them to press for action in this Congress for the enactment of my bill—S. 70—to remonetize silver. Now is the time to act—not tomorrow, but today.

#### HOUSE BILL REFERRED

The bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

#### RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment of the Senator from North Dakota [Mr. FRAZIER] to the amendment of the Senator from New York [Mr. WAGNER].

Mr. FRAZIER. Mr. President, the amendment which I offered last night was printed on April 7. The only change I have made is where the term "Federal Farm Loan Board" is used to make it read "Farm Loan Commissioner", to comply with the new arrangement.

Mr. President, I have offered this plan, which was introduced as a bill in this session of Congress known as "S. 457", to refinance the existing indebtedness of farmers, as a substitute for the proposal offered by the Senator from New York [Mr. WAGNER]. I want to explain briefly the differences or make a comparison between the two plans.

The Wagner substitute, or the so-called "administration refinancing plan", provides for the issuing of farm-loan bonds to be sold at not to exceed 4 percent interest. The interest is to be guaranteed by the Government for the life of the bonds. The farmers are to pay 4½ percent straight interest for 5 years, and no amortization payment during the 5 years.

Under my substitute there are also farm-loan bonds to be issued at 1½ percent interest to be sold at par, and if they cannot be sold they are to be turned over to the Federal Reserve Board and the Federal Reserve Board is to issue Federal Reserve notes for the face value of the bonds, the bonds together with the mortgages on the farm property to be held as security for the notes so issued. Mr. President, all new wealth comes from the soil, and the first mortgages on the farms that produce the food products to feed the Nation ought to be as good security as we can get for Federal notes of any kind.

Under the proposed administration plan the interest on the 4-percent bonds goes to the purchaser as tax-exempt profits. Under my proposal the interest on the bonds that are turned over to the Federal Reserve Board, 1½ percent, goes to the Government as profit. It is generally stated that there are approximately \$9,000,000,000 of farm mortgages at the present time, estimated by some to be a little less because of the foreclosures that have taken place; but at \$9,000,000,000, 1½ percent interest to the Government would mean \$135,000,000 annually as profit to the United States Government on those bonds. For a period of 46½ years, the term of the amortization under the plan, it would mean over \$6,000,000,000 of profits to the Government of the United States and it would cost the general public nothing.

Mr. President, the limit of the issue under the so-called "administration plan" is \$2,000,000,000 for a term of 2 years. Under my substitute plan there is a provision that when the actual per-capita circulation in the Nation comes up to \$75, the Secretary of the Treasury and the Federal Reserve Board, together with the President of the United States, can call in those notes and have them canceled, but at not to exceed in any one year 2 percent of the notes outstanding against the bonds.

The basis of the loan under the Wagner plan is the present amount of the mortgage or 50 percent of the value of the land and 20 percent of the insurable improvements. Under my plan the basis of the loan is the present mortgage indebtedness or a fair value of the land, and 50 percent of the improvements, and provision is made for the scaling down of those loans under the provisions of the bankruptcy bill as amended in the last session of Congress. There is also provision for voluntary scaling down under the Wagner plan.

Mr. VANDENBERG. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Michigan?

Mr. FRAZIER. I yield.

Mr. VANDENBERG. May I ask the Senator a question just at that point?

Mr. FRAZIER. Certainly.

Mr. VANDENBERG. Referring to line 12, page 2, am I to understand that the amount of the mortgages may represent the complete fair value of the farm? In other words, would it be a 100-percent mortgage on the basis of the fair value?

Mr. FRAZIER. Yes; on the fair value of the land at the present time. I will explain that a little later more in detail.

I want to give an example of the loans that might be made under the two plans. For example, a mortgage of \$5,000 exists today on a farm, and that \$5,000 represents not to exceed 40 or 50 percent of the appraised value of the farm when the loan was made. The average interest rate is about 6½ percent. That would mean an annual interest charge of \$325. Under my plan, if that mortgage is renewed at \$5,000 at 3 percent interest, the farmer would pay \$150 in interest each year, or \$175 less per year than he pays at the present



time. My contention is that the same amount of loan at the reduced rate of interest would be a much better loan from the standpoint of the farmer, and he would have a much better chance of paying it off and holding his land than under the present situation.

Or suppose the fair value of the farm under the so-called "administration plan" is \$5,000; then the farmer could get 50 percent of the appraised valuation, or \$2,500. Suppose the improvements on the farm were the same value as the farm land, and today we have many farms which have improvements that are worth more than the land itself. The improvements are worth \$5,000 and he gets a 20 percent loan, or \$1,000. The total loan value on the land in that case would be \$3,500, at 4½ percent interest. That means \$157.50 per annum straight interest. Under the 5-year plan there is no amortization to be paid. It is simply \$157.50 per year straight interest.

Under my plan the fair value is \$5,000, also 50 percent of the insurable value of the buildings, which would be \$2,500 in this instance, making a total loan value of \$7,500. The farmer pays 1½-percent interest on that \$7,500. That means \$112.50 interest for the year, or a difference of \$45—\$45 less than would be paid under the administration plan. The amount of the loan under the administration plan is less than half the amount of the loan under my plan. The administration loan would be \$3,500, while under my plan it would be \$7,500; and yet the farmer would save each year the difference between the amounts of interest, or \$45 each year, with a \$7,500 loan at 1½-percent interest, as compared with a \$3,500 loan at 4½-percent interest.

Under the Wagner plan the farmers may repurchase land, if lost by foreclosure after July 1, 1931, up to 75 percent of the value and not to exceed \$5,000. It is to be paid off under that plan in 10 years' time. Under my plan there is a clause that provides that the farmer who has lost his land by foreclosure since 1919 may repurchase under the terms of the bill that land which he lost, or other land, and thus become a home owner and land owner again.

There is also a provision that tenants who have lived on and operated a farm for a period of at least 3 years prior to the passage of the act can come under the terms of the bill to buy land. The tenant is entitled to a chance to purchase land at a low rate of interest and to become a contented home owner and land owner. Under my plan there is a provision to take care of the tenant.

There are admittedly some benefits in the administration plan. The 5-year moratorium is a benefit. Of course, the farmer must keep his taxes paid and all that, which would be expected; but, of course, if he cannot pay his 4½ percent interest during the 5 years of the moratorium it will be taxed against him after that period, but it will help him, because it will keep many farmers from losing out entirely, as they are doing in the present situation. It will give many farmers a breathing spell for 5 years.

The administration plan reduces the rate of interest just a little; 4½-percent interest for the farmer is too much, but under the terms of the plan it will be recalled that if the farmer is not a member of the farm-loan association he must pay one-half percent extra or if he becomes a new member of the farm-loan association he must buy 5 percent of the amount of the loan in capital stock of the home-loan association. Five per cent for 1 year means 1 percent for 5 years, so under the terms of the plan it would be 5½ percent straight interest for 5 years. That is practically what the farmers are paying now on the basis of 5½ percent interest, with 1 or 1½ or sometimes 2 percent amortization payment. So the bill, while it would be of some help, does not lower the rate of interest very much.

Mr. President and Senators, in the reprint of the so-called "Wagner substitute", on page 12, line 8, you will notice that an amendment was adopted, offered by the Senator from Arkansas [Mr. ROBINSON]. It is headed:

Federal farm-loan bonds as security for advances by Federal Reserve banks.

The language of that amendment is not very clear; but, as nearly as I can understand it, it simply means that the

Federal Reserve banks can buy these 4-percent tax-exempt, interest-guaranteed-by-the-Government, farm-loan bonds and deposit them as collateral, and issue Federal Reserve notes to buy more of the 4-percent tax-exempt, interest-guaranteed-by-the-Government, farm-loan bonds and issue more Federal Reserve notes to buy more bonds to issue more notes to buy more bonds to issue more notes, and so forth, and so forth.

Someone said here yesterday that this bill was more for the benefit of the bankers and the bond buyers than it was for the benefit of the farmers. Let us see. We have been told repeatedly by both the old parties—by the Democratic platforms and the Republican platforms, too—that they were going to put the farmers on a parity with the business interests. Let us compare this parity with what is done for the bankers under this bill.

Under this bill the farmer at least pays 4½-percent interest on his loan. The banker buys the tax-exempt bonds at not to exceed 4-percent interest. What does he do? The Federal Reserve banker deposits those bonds as security and issues Federal Reserve notes and buys more bonds. The Federal Reserve notes are printed down here at the Bureau of Engraving and Printing by the United States Government, and the Federal Reserve banks pay the Government the cost of the paper and of the printing of those notes; it amounts to seventy seven one-hundredths of 1 percent per Federal Reserve note.

Talk about putting the farmers on a parity with the business interests! It is not much of a parity when we compel the farmer to pay 4½-percent straight interest and let the banker buy tax-exempt securities at not to exceed 4 percent. The Senator from Arkansas said that if this provision were put in it might reduce the rate of interest to the farmer one half of 1 percent. That would help some, but it would still give the banker 3½ percent of tax-exempt profit. So the parity under this bill is not much better than the parity we have had under other so-called "farm measures" in the past.

Mr. President, I am not going to talk much about the general farm conditions that exist. I think everyone is familiar with them. During the last few years the prices of farm commodities have been so low that the farmer could not pay his actual running expenses; and yet in our great cities there are literally millions of men, women, and children going hungry because they cannot buy these low-priced products raised upon the farms—products priced so low in this so-called "surplus of farm products" that the farmer cannot get a profit. He cannot pay his expenses for raising and taking care of these products.

Farmers are going broke, because they cannot sell their products for the cost of production. Millions of men, women, and children are starving because they cannot buy the food they need. There is work of all kinds to be done, Mr. President, and yet there are over 12,000,000 men and women begging for employment today. It is a strange situation. There is not enough money in circulation actually to carry on the business of the Nation.

This bill would provide for a degree of inflation. If three and a half billions of new money could be issued and put into circulation by paying off this farm indebtedness, it would undoubtedly relieve the situation. It would not be issuing tax-exempt bonds and trading them for the mortgages that are outstanding, but it would be putting actual money into circulation.

Mr. WAGNER. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from New York?

Mr. FRAZIER. I do.

Mr. WAGNER. How does the Senator arrive at the amount that would be issued in the way of currency under his legislation?

Mr. FRAZIER. The Senator was not in the Chamber when I explained that. There is a provision in the amendment to the effect that when the actual per-capita circulation of money shall reach \$75, under the plan of my amend-



ment the Federal Reserve Board and the Secretary of the Treasury and the President may authorize or direct the recall of those notes and the cancellation of not to exceed 2 percent of the amount outstanding in any one year. It would take about three and a half billions of dollars to bring the per-capita tax up to \$75.

Mr. WAGNER. So that when loans are made up to that amount, under the Senator's amendment the loans would cease to be made?

Mr. FRAZIER. Oh, no; the issuing of these Federal Reserve notes would cease, but the loans would not cease. The three or three and a half billions would create a revolving fund to carry on these loans, and we believe it would be amply sufficient to make all the loans necessary. Under my plan the loan amortizes in 46½ years. At the end of the first year every 46½ payments refinance a new loan.

Mr. WAGNER. As I understand, the Senator proposes to go back and permit loans to be made for homes where there was a loss of a home beginning with 1919?

Mr. FRAZIER. After 1919.

Mr. WAGNER. And our total of secured and unsecured indebtedness now, as I understand, amounts to over \$12,000,000,000.

Mr. FRAZIER. I appreciate that, Mr. President.

Mr. WAGNER. So that what I wanted to ask was this: Is it not possible that under the Senator's proposal \$12,000,000,000 of currency could be issued, with no security back of it except the valuations of the properties to the owners of which the loans were made?

Mr. FRAZIER. With the provision I spoke of, it would be impossible to issue 12 billion in new money; but ultimately, through the revolving fund, the total amount of loans possible to be made might reach that figure, though it is not probable at all, because not all these loans are due at the present time, or could be refinanced either under this plan or under the Senator's plan. More than that, some of the farmers have nearly paid off their loans and they would not want to renew them. Some of them will get their interest rates reduced because of a low rate of interest such as provided here so that they would not need to reloan; and the money that is put into circulation under my amendment will find its way back into the Federal Reserve banks.

The Federal Reserve banks will not need to issue new notes. They can take the notes that come back to them and use them to refinance new loans. Economists have figures on this matter, and they say that three billions will make an ample revolving fund to take care of all the outstanding loans that farmers will want to refinance.

Mr. WAGNER. And that three billions of outstanding money will have, as a support, these loans made upon farm properties.

Mr. FRAZIER. Actual first mortgages.

Mr. WAGNER. And the value of this money will certainly be affected by the fluctuations in the value of the property. Perhaps the Senator knows of other instances, but I know of no other instance where any government has used just one single asset to support a currency issue.

Mr. FRAZIER. Mr. President, I tried to cover that part of the matter before the Senator came into the Chamber.

Mr. WAGNER. I am sorry that I was detained at my office. I have very many visitors these days.

Mr. FRAZIER. The Senator will remember that an amendment was put in the bill on page 12 of the reprint, lines 8 and 9, which provides that these 4-percent bonds may be deposited by the Federal Reserve banks as security for the issuance of new money.

Mr. WAGNER. Yes.

Mr. FRAZIER. There is the same proposition in the Senator's amendment that there is in mine.

Mr. WAGNER. No; I think that is quite a different proposition.

Mr. FRAZIER. I do not know why. The Federal Reserve Board, as I stated before, can deposit these 4-percent tax-exempt bonds and issue new Federal Reserve notes to buy more bonds to issue more notes, and so on. They could do it under my amendment just the same, only they would not

get as much interest as they do under the Senator's amendment. Under my amendment they would get only 1½ percent interest. Under the Senator's amendment they would get not to exceed 4 percent; and, of course, the bankers must have interest. That is what they exist on.

Mr. WAGNER. Does the Senator expect that these bonds can be sold to the public at 1½ percent?

Mr. FRAZIER. Not many of them; and those that cannot be sold are to be turned over to the Federal Reserve Board, and they, in turn, will issue Federal Reserve notes backed by the bonds and by the first mortgages on the land that produces the food to feed the Nation. My amendment provides that much better security than the Senator's amendment does.

Mr. WAGNER. The Senator first exhausts the surplus of the Federal Reserve banks, does he not? Does not the Senator provide that these bonds are to be purchased out of the profits and surplus of the Federal Reserve banks?

Mr. FRAZIER. Oh, they buy them out of their profits and surplus and surtax; yes.

Mr. WAGNER. So that the currency is issued only after their profits and their reserves have been exhausted?

Mr. FRAZIER. That applies only to the profits they make each year, and they claim that they are not making much profit at the present time, although they have made good profits.

Mr. WAGNER. If that is so, then practically all of these loans will be made with currency secured by the deposit of the bonds with the Federal Reserve System.

Mr. FRAZIER. Yes; and a profit to the Government, if they are turned over to the Government, of 1½ percent, instead of a profit to the bond buyer, as in the Senator's amendment, of not to exceed 4 percent. That is the difference. The profit would go to the Government. It would cost the general public nothing. Under the Senator's bill the bankers or the bond buyers would get a tax-exempt profit of not to exceed 4 percent, and that probably will mean 4 percent.

Referring to the Federal Reserve banks, as the Senator knows, they have made a wonderful record in some respects. There is a provision in the law that after 6 percent profit is paid to the stockholders, and a certain amount is laid aside for sinking fund, and so forth, half of the balance shall be turned over to the Government as a surtax. I have forgotten the exact provision. To get away from turning over too much money to the Government as a surtax they constructed buildings, Federal Reserve banks, in all these districts.

Up in the city of New York, where my friend comes from, they erected what is supposed to be the finest bank building in the world. The original building cost \$19,598,000, and they put on an annex costing \$2,159,000, or a total of \$21,757,000. It is more than the Capitol of the United States cost, by far—almost twice as much.

In 1931 the governor of the bank received \$50,000 salary, and his first assistant received \$50,000. The 36 officers of that bank receive total annual salaries of \$557,000—an average of approximately \$16,000 for each of the 36 officers of that bank up in New York. That is keeping down the surtax that otherwise would go to the Government, because they take out their so-called "legitimate expenses." Previously the president of the bank got a bigger salary than \$50,000; but there was so much criticism made about it—as I remember, it was more than the President of the United States got—that they reduced the salaries to \$50,000, and these officers apparently are getting along on that.

Mr. NORRIS. How can they do it? [Laughter.]

Mr. FRAZIER. Well, I do not know; but this so-called "administration bill" will help them, because they can get some more tax-exempt securities, with interest guaranteed by the Government at not to exceed 4 percent annually; that will help them to make more profits.

Mr. BORAH. Mr. President—

Mr. FRAZIER. I yield to the Senator from Idaho.

Mr. BORAH. While the Senator is discussing the Federal farm-land banks, let me ask him what this amendment that



is proposed by the Senator from New York does toward aiding in scaling down the mortgages due to or held by the Federal farm-land banks. Does it do anything except to reduce the interest?

Mr. FRAZIER. Mr. President, so far as I can understand the bill, there is no provision for the scaling down of mortgages held by the Federal land banks. There will be no scaling down, so far as I can understand it. Of course, there are some mortgagors who have been foreclosed upon since 1931, and in those cases they will be given the benefit; but as to others, there will be no scaling down. It does provide for a scaling down, voluntarily, on the other loans, but if the farm-land mortgages are not to be scaled down, in my opinion, practically none of them will be scaled down, unless it happens to be a very poor loan, with very poor security, and then the mortgagee will be glad to scale down.

Mr. BORAH. What benefit flows from this bill to the man who owes the Federal farm-land bank?

Mr. FRAZIER. It cuts the interest a little bit, and gives them a 5-year moratorium against foreclosure. There is that benefit, and that is all the benefit I can see in the bill.

Mr. SMITH. Mr. President, if the Senator will allow me, that matter was brought up in the committee. Under the Federal land-bank provision in the bill, all the benefit that will accrue to one who has a mortgage in that bank will be the reduction of interest on the new bonds, and a 5-year moratorium, wherein he will not pay any interest on amortization, but it will be charged up, and at the end of the 5 years he will have to pay all that accrued interest.

Mr. WAGNER. Not interest; no.

Mr. FRAZIER. Oh, yes; if he does not pay the interest that accrued during the 5-year moratorium, he will lose his farm.

Mr. SMITH. Exactly; but let me make this clear. The face value of the mortgage is not changed at all; there is no scaling down of the face value of the mortgage under the farm-land bank provision in the bill.

Mr. WAGNER. Will the Senator tell me how that could be done with the outstanding bonds?

Mr. SMITH. Will the Senator tell me how the farmer can pay? The present face value of the mortgage will never again be equaled by the value of the land, so that I thought and was hoping that we would have a proposition here that the Government would offer a certain percentage of the face value of all the mortgages outstanding, and that those who held the mortgages could come in and take that or leave it, covering the land bank and private institutions and all, in order to give the farmers a chance to scale down, and to give those who are holding the mortgages a chance to cash in on them, because unless this situation is relieved, one who holds a mortgage and forecloses on it, and attempts to sell the land, cannot get his money back; he cannot get the face value, and the farmer cannot pay the interest now. I was hoping that we would devise some plan by which all these mortgages might be reduced to at least an approximate appraisal value, but we have not done that.

Mr. NORRIS. Mr. President, will the Senator from North Dakota yield to me?

Mr. FRAZIER. I yield.

Mr. NORRIS. The Senator will realize that when the committee were discussing this matter, there was no one who had a plan, and I think it was conceded that it was an impossibility to cut down those mortgages, from the very nature of the thing. That did not apply to other mortgages.

Mr. WAGNER. Without a direct contribution from the Government to the individual.

Mr. NORRIS. I think that would be the only way to do it.

Mr. WAGNER. It would be the only way; and, as a matter of fact, if I may interrupt, the Government is making a contribution of \$15,000,000 a year now.

Mr. FRAZIER. For what?

Mr. WAGNER. To make up the 1 percent reduction in interest. The Senator was not accurate when he said that,

as to the other loans, the interest must be reduced. All of the outstanding mortgages upon which there are loans of the Federal farm-land bank are now reduced by 1 percent, from  $5\frac{1}{2}$  to  $4\frac{1}{2}$ .

Mr. SMITH. That is true.

Mr. WAGNER. That difference is made up by a subsidy from the Government amounting to about \$15,000,000, because the money is now being loaned at the same rate the Federal land bank pays for the money to the bondholder.

Mr. SMITH. Let us analyze that, and just see what the situation is.

Mr. WAGNER. We can scale the mortgage down; we can reduce the interest payment; but to do it we have to have an absolute contribution by the Federal Government from the taxpayers of the Nation.

Mr. FRAZIER. That is correct.

Mr. WAGNER. There is no other way of doing it, because these bonds are outstanding, with the mortgages put up as collateral security. There is no other way to do it.

Mr. SMITH. Let me call attention to one fact. The Federal land-bank bonds are up to about 85. What are they selling for now?

Mr. WAGNER. I do not follow the market.

Mr. SMITH. They are somewhere around 85, because last year we made an appropriation giving the Federal land banks \$100,000,000 to strengthen their credit and \$25,000,000 to aid delinquents to carry on. Therefore, the Federal land-bank bonds maintained their status on the market, but the joint-stock land bank bonds did not have any contribution or aid from the Government, and the consequence was that they sank to something like the value of the land upon which the mortgages were predicated.

Mr. FRAZIER. If this bill goes through, it will raise the value of the bonds.

Mr. SMITH. Let me get this idea to the Senator, that the loan by the Government of \$100,000,000 to increase the credit of the Federal land banks and \$25,000,000 to be used to aid delinquents changed the picture so far as the bondholders of the Federal land bank were concerned; but, outside of the \$25,000,000 to extend the time of the delinquents, there was not one penny's aid to any mortgagee under the Federal land bank, and all of us know that the present value of the land is such that had it not been for the \$100,000,000 and the \$25,000,000, there is no telling where the Federal land-bank bonds would have gone. It only postpones the evil day. The inevitable will come. We are not relieving the farmer himself. The Federal Government is only postponing the evil day.

It is now said to us that if we attempt to scale down the mortgages in the Federal land bank, we will jeopardize the bonds outstanding. We are more solicitous about the bonds outstanding than we are about the poor devil who has to pay the interest and amortization on the bonds.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. WAGNER. Nobody is concerned with the bondholder, except that there is this question, that the mortgages are put up as security for the bonds, and certain conditions were made with the bondholder when he purchased the bonds.

Mr. SMITH. Exactly.

Mr. WAGNER. And we cannot violate those conditions.

Mr. SMITH. We cannot violate a condition to a bondholder, but we can let the farmer lose his home and be put out on the road because we will not make an appropriation.

Mr. WAGNER. What does the Senator suggest shall be done?

Mr. SMITH. I suggested that the best plan for us was to make an appropriation for a scaling down and take care of the matter.

Mr. WAGNER. Wherever it is legally possible to do that, a provision should be made to scale down.

Mr. SMITH. Let us make it legal.

Mr. WAGNER. How are we to do it?

Mr. FRAZIER. Mr. President, I want to say to the Senator from New York that the bill I am proposing would



take care of the situation. That is why I am proposing it. This is the third session during which I have introduced the bill, and 20 State legislatures have endorsed it, and memorialized Congress to pass it.

Mr. WAGNER. Of course the unlimited printing of money—

Mr. FRAZIER. It does not provide for an unlimited printing of money by any means; it provides for a limited inflation of the currency to take care of these farmers who are losing their homes because of no fault of their own, but because Congress has passed special-privilege legislation for the people who manipulate the prices of the products the farmers have to sell.

Mr. WAGNER. I do not know anything about that.

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. FRAZIER. I yield.

Mr. SHIPSTEAD. I should like to ask a question of the Senator from South Carolina, in view of some of the statements he has made. The statement has been made that we can do nothing to violate the interest of the bondholder who holds bonds against these mortgages. Is there any reason why we should appropriate \$100,000,000 for his benefit out of the Federal Treasury, as we did?

Mr. SMITH. And appropriate \$2,000,000,000, in the pending bill, to take care of the joint-stock land bank bonds.

Mr. SHIPSTEAD. Yes.

Mr. SMITH. I defy any Senator here to analyze that.

Mr. FRAZIER. It is more than that. The Government guarantees the interest on the \$2,000,000,000 worth of bonds for the life of the bonds.

Mr. BORAH. The joint-stock land bank fellow is taken care of. Let us pass on to the Federal land bank.

Mr. FRAZIER. They are taken care of under this bill.

Mr. BORAH. Not under this bill.

Mr. FRAZIER. Yes. The Federal land-bank bonds are going down, as well as the others.

Mr. BORAH. I refer to the mortgagor.

Mr. WAGNER. Let me say this about the joint-stock land bank—that is one of the phases of the matter about which I do not know very much, except this, that they must liquidate; they cannot make any new loans, and they cannot issue any more bonds. If they sell their bonds to the Federal land bank—and undoubtedly if what is said as to their value is true, they will have to sell at a price lower than the face value of the mortgage—to the extent that there is a reduction in the principal of the mortgage, that is passed on to the farmer. The farmer gets the benefit of that reduction. Wherever a mortgage is purchased by the Federal land bank at a price lower than the face value of the mortgage, the benefit is passed on to the farmer in every instance; but as to the outstanding mortgages, if there could be some way of scaling down, I would be quite willing to join in any effort that was legal.

Mr. NORRIS. Mr. President, will the Senator from North Dakota yield to me again?

Mr. FRAZIER. I yield.

Mr. NORRIS. I should like to say that the committee reached the conclusion that they could not scale down the mortgages in the Federal land-bank system unless we took the money out of the Treasury to make good the loss.

Now just for a moment consider that system. First, this system, we hope, is to continue to operate. It is not like the other system. There is no attempt to stop the business. If we ever get in the condition which we hope to reach, we expect the farm banks to continue doing business and making loans.

Mr. FRAZIER. Let me ask the Senator, What about the farmer?

Mr. NORRIS. I will come to the farmer. Just let me explain the matter as I see it.

The committee discussed this subject fully and at great length. It called in the experts. It called in the lawyers. It said, "How can we scale down these mortgages held by the farm-land bank?"

The farm-land bank derives its money from the sale of bonds, with these mortgages as security. Would not the bondholder, as a matter of fact, be able to prevent the scaling down of these mortgages, which are the only security he has for his bonds? We might pass laws from now until January which would do that, but they would be null and void. It could not be done unless we would make good the ensuing loss. Remember, also, that if we should say—if we could do so constitutionally—all these mortgages, or half of them, are canceled, the law would not have any effect. But suppose it should, that would end the farm-land-bank business; they never could sell another bond on earth. So, as I looked at this question and as the committee looked at it, the conclusion was reached that it was an impossibility to scale down the debts the mortgagors owed to the Federal land banks unless we took the money out of the Treasury and put it into that system to make good the loss.

I believe that opinion is good as a matter of law. I do not see any escape from it. It seems to me we are perfectly helpless, and we might just as well face the truth and not try to get around it. Everybody would like to scale them down if it could be done, but I do not see how it can be done.

Mr. SHIPSTEAD. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Minnesota?

Mr. FRAZIER. I yield.

Mr. SHIPSTEAD. That is true as to every mortgage holder; we are estopped only by the bondholders of the Federal land banks.

Mr. NORRIS. The Senator is talking about something that I think I can easily differentiate. When it comes to an individual mortgage holder, the bill which we are trying to pass provides that there will be a scaling down, but that has got to be done with his consent. The bondholder in the Federal land-bank system does not own a mortgage; he has not got a mortgage. The mortgages are in Federal land banks; those banks have issued bonds on the strength of them, but those throughout the country who have bought such bonds do not hold the mortgages; they do not own the mortgages. Every mortgage is a part of the security of every bond that is floated, and it would be necessary to get the consent of every bondholder before, under the Constitution, the mortgage could be cut down one cent.

Mr. FRAZIER. Mr. President, the Senator from Nebraska is speaking on the assumption, of course, that the Federal land banks are going to be continued and put on their feet. If it were not for this regulation, does the Senator think that the Federal land banks would not scale down their mortgages?

Mr. NORRIS. They could not do it.

Mr. FRAZIER. They would have to or foreclose, just as the joint-stock land banks are doing.

Mr. NORRIS. If a Federal land bank has a mortgage on my farm for \$10,000 and concludes that my farm is only worth \$5,000, it would have to go through foreclosure.

Mr. FRAZIER. Yes.

Mr. NORRIS. That would be the only way to scale it down, and everybody must abide by that.

Mr. FRAZIER. Then the bill is to save the land banks and not the farmers?

Mr. NORRIS. Yes.

Mr. FRAZIER. That is it.

Mr. NORRIS. Does the farmer want the land banks saved?

Mr. FRAZIER. Oh, no; under existing conditions the land banks are of no value to the farmer, because he can not pay out, and the land banks are foreclosing.

Mr. NORRIS. But the farmer gets a moratorium; he gets a reduction in interest, and the Government makes good that reduction of interest by the payment of the money, \$15,000,000, out of the Treasury of the United States.

Mr. FRAZIER. There is that benefit, of course; but that is only a small benefit. It still leaves the interest so high that the farmer cannot pay it.



Mr. NORRIS. I agree with the Senator; but our whole system may go down; our Government may fall; but so long as we have courts that are going to enforce the Constitution I do not see how we could do something, no matter how anxious we might be to do it, that would be impossible under our system of Government. It would be just an impossibility.

Mr. TYDINGS. Mr. President, I ask for order.

Mr. FRAZIER. Mr. President, the time is limited; a vote is to be taken at 1 o'clock, and I must hurry on, because I understand there are some others who wish to speak.

Mr. TYDINGS. Mr. President, I rise to a point of order.

The PRESIDING OFFICER (Mr. BLACK in the chair). The Senator will state it.

Mr. TYDINGS. With 25 Senators standing on the floor in groups, I cannot follow the debate that is going on.

The PRESIDING OFFICER. The point of order is well taken.

Mr. BORAH. The Senator from Maryland himself makes 26.

Mr. TYDINGS. And the Senator from Idaho makes 27.

Mr. FRAZIER. Mr. President, talking about the low prices of farm products, a farmer in Pennsylvania told us he was only getting 60 cents a hundred for his milk, which is practically a cent a quart; in the Midwest States, eggs, 6 cents a dozen; corn, 10 cents a bushel; oats, 3 cents a bushel; potatoes, 9 cents a bushel.

It is true that some loans are being made to the farmers through the Reconstruction Finance Corporation with Government money. They are the so-called "barnyard loans." I want to give the Senate just one instance of a "barnyard loan" as reported to me from my State. They sent out an appraiser to make these loans to the farmers. The local bank has a mortgage on their livestock and their cattle and farm machinery. The banker wants to have that mortgage paid. So he has one of the clerks of his bank go out with the appraiser for the "barnyard" loans. The bank clerk says, "Mr. Farmer, you owe the bank so much; we want to make arrangements under the 'barnyard' loan act to get you some Government money so that you can pay off our bank." They figure up everything that they have got on a fair valuation on the present time under that mortgage, but it does not come to quite enough—this is a case of which a farmer himself told me—to raise sufficient money to pay off the banker. The appraiser said, "Have you not something else you can put into this mortgage? What is that old wagon over there?" The farmer said, "It has only 2 wheels; 2 of them broke down 2 or 3 years ago." The appraiser replied, "That is all right; we will put it in for \$20", and he put it in the mortgage. He figured again, and he said, "We are still \$40 shy. What is that old machinery over by the fence?" The farmer replied, "That is an old header that I have not used for 5 years." The appraiser said, "Put it in for \$40." It was put in and the farmer got money enough from the Government to pay off the local banker. The local bankers are apparently the only ones who are getting "barnyard" loans in North Dakota. The Government money is being used to pay off the bankers. Of course the bankers need to be paid; there is no question about that; but the farmers themselves should have some relief also.

Mr. President, I have had all kinds of petitions and letters and resolutions favoring my bill. Farm organizations have endorsed it. The Farmers' Union and the holiday-movement organization have endorsed this bill a hundred percent. Farmers all over the Nation have endorsed it.

Mr. President, during the last few months the farmers have gotten so desperate that they have been organizing to block foreclosures, and they have prevented foreclosure sales through their own organizations, taking the law into their own hands, if you please. That has been done not only in the "wild and woolly West" but in the South and in the North and in the East. Within 40 miles of the National Capital a sale was blocked in old Virginia only a few weeks ago.

Mr. President, a National Farmers' Holiday Association has been organized throughout the great agricultural States. Organized. What for? It has been organized by the farmers to protect their families and their homes and their business. That is what it is organized for. An announcement was made in the press by the president of that great organization, Milo Reno, of Iowa, one of the great farm leaders of the Nation, who says that if they cannot get the legislation they want, and if prices do not come up during next month, they are going on a strike—a farmers' strike. That is what they call their "holiday" movement.

Mr. President, I said on the floor of the Senate on a previous occasion that the most hopeful sign that I see for American agriculture today is the fact that the farmers are organizing for their own benefit and protection; and when the farmers become strongly enough organized we will not need to pass legislation for their benefit; they will control the prices of their products; they will fix their own prices. Oh, some may say, that would be wrong; it would put prices up too high; but, Mr. President, I say it would take the farmers at least a quarter of a century to get even for the penalizing and the robbing that has been taking place at their expense all these years.

Mr. President, the Congress of the United States has at various times passed what might be termed "special-privilege" legislation. It is commonly stated, by way of propaganda, over the radio and in the press that we cannot legislate prosperity for the farmer or anyone else. Well, the Congress has legislated prosperity time after time for many business organizations. The Federal Reserve Banking Act, which was passed in 1913 and since amended, I do not know how many times but almost an innumerable number, has legislated prosperity for the bankers—there is no question about that—until now the Federal Reserve banks can buy bonds and deposit them as security and on them Federal Reserve notes can be issued with which to buy more bonds. Oh, yes; it is a merry-go-round for the bankers, and yet they say they are going broke even at that. This Wagner substitute will help them some more.

Congress passed the Esch-Cummins Railroad Act which guaranteed, if you please, a profit to the railroad companies. Various tariff laws have been passed for the benefit of the big manufacturers, and they have benefited them. We put a tariff on some farm products; that is true. We have a tariff on oats of 15 cents a bushel, but they sold for 4 cents in North Dakota last winter. We have a tariff on flax of 65 cents a bushel, and it sold for 70 cents in North Dakota. The tariff is not very effective on flax or on any other farm product, but on manufactured products the tariff is effective and has been for all these years.

The United States loaned a great deal of money to the nations allied with us during the World War. Those nations said they could not pay the interest, although they were only charged from 3 or 3½ percent, and so we got together with them and appointed a commission to scale down those debts, and they were scaled down. Oh, yes; the debt of Italy was scaled down to \$2,150,000,000 with interest at practically 1½ percent for 62 years, and then the debt is canceled. On the average, the \$12,000,000,000 of loans to foreign nations, representing the war debt, was scaled down to 2½-percent interest for 62 years, and then the debt will be canceled. Talk about special legislation!

We have given the shipbuilding interests a subsidy. We sold them, through the Shipping Board, ships at a fraction of what they had cost the Government, and then the Post Office Department gave them contracts to carry the mail, the contracts being sufficiently large so that they could pay for the ships out of the money received. Oh, yes; and yet the farmers, who do the work and produce the new wealth of this country, who feed the Nation, cannot get any special legislation for their benefit.

Mr. President, it is about time that the Congress wake up and do something for the American farmer. If we do not do something pretty soon it will be, as the Senator from West Virginia said the other day, too late. The farmers are



organizing; they are going to do something for themselves if they are forced to go on as they are going. They are now organizing the farmers' holiday movement, which I suppose is the most militant farm movement ever organized in this country or any other country on the face of the earth; and, believe me, Mr. President, they are ready to go the limit; and why not? Their very homes, their life's savings, are being taken away from them. Why should they not organize?

Up in North Dakota the Governor issued a proclamation that no more foreclosures should take place within a period of 3 years, and he said he would back that proclamation up by the State militia. The other day up in Bismarck a little home was attempted to be foreclosed, the sale was advertised, but the Governor told the adjutant general and the captain of the local National Guard in that city to go down and see that the sale was called off. The sale was called off. The man who owned the little house was of Scotch descent, who, when the war was declared, wanted to get into it. He went to Winnipeg and enlisted there before the United States got into the war. He joined that famous Princess Pat Regiment—practically every man of which was wiped out. This man happened to be one who came back. His little home in Bismarck was mortgaged; some hard-boiled banker wanted to foreclose on it, and the Governor had to stop the foreclosure with the State militia, and save the veteran's home.

Mr. President, we have made a lot of mistakes. There is no question about that. Mistakes have been made and, in my opinion, we have not done all that we should. Mistakes have been made by party leaders in many instances. I do not need to cite any incidents, but there have been mistakes made by party leaders.

A few days ago we were all horrified to read in the morning paper and hear over the radio that the \$5,000,000 queen of the air, the *Akron*, had crashed, and that only 3 survivors out of 76 passengers and crew and officers were saved. We were more shocked a day or two afterward when the surviving officer told the press that they had left their hangar in New Jersey at 7:30 o'clock in the evening, after dark, had made a trip out over the ocean to test out some broadcasting apparatus and so forth, and ran into a terrible storm. After an hour or so they turned back over the land, but apparently their orders were such that they were directed to go back out over the ocean again. They went back straight into the storm. Somebody blundered!

Yes, Mr. President; I think there were two blunders. If there was such an order from the Department, that was a blunder. The captain who steered that ship back into the face of that storm blundered for carrying out such military orders. The great airship was a fair-weather ship at best. We learned that it needed repairs and needed them badly, and that the ship was going to be repaired as soon as this little voyage was concluded. So the great airship, the queen of the air, went down because somebody blundered.

Oh, yes; we make mistakes. Our great ship of state today is in need of repairs. It is sailing through a tremendous storm and has been buffeted by such storms for months and months. If it is going to survive, it must be steered into smoother water and fairer weather. The agricultural part of our ship of state is on the rocks right now because the Congress has sat idly by and allowed the farmers to be robbed, to be plundered by an organized bunch of racketeers. Business interests with their interlocking directorates all get their full share of the profits out of the handling of the farmers' products. A common example is given that a few years ago the total sale of farm products amounted to \$7,000,000,000 in the United States. That is what the farmers got for them. After they went through the hands of the highly organized handlers of the farm products the consumers paid \$22,000,000,000. In other words, the farmer dug out of the soil the new wealth amounting in that year to \$7,000,000,000 all told, but the consumers paid \$22,000,000,000, and thus those who handled the farmers' products made the enormous profit of \$15,000,000,000. They are doing the same every year.

Mr. President, the farmers' property was deflated beginning in 1920—by whom? It was deflated by the Federal Reserve Board. We have been giving that Board more power in every Congress since I have been here and over the protest of the progressive group. We are giving them more power in the so-called "administration plan" now before us and a further chance to make more profits. They started the deflation with the farmers; they broke the farmers; they made them lose their farms, their homes, and everything they had—their life's savings. Yes; and the Federal Reserve Board is a creature of the United States Congress, too!

Mr. President, it is time we are doing something for the farmers as well as for the bankers, the railroads, the insurance companies, and the rest of the great interests.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Louisiana?

Mr. FRAZIER. I should rather not yield, as the time is short.

The PRESIDING OFFICER. The Senator from North Dakota declines to yield.

Mr. FRAZIER. Mr. President, a great deal has been said recently in our discussions about the theoretical law of supply and demand. Someone always refers to the law of supply and demand when we talk about farm prices. Anyone who thinks that the law of supply and demand—that purely theoretical law of supply and demand—controls the prices of farm products either does not know or does not want to know how the markets of farm products are manipulated. The gamblers in farm products can surely manipulate prices, and they do. They manipulate the prices of our food products to the detriment of the farmer and also to the detriment of the consumer to the amount of \$10,000,000,000 to \$20,000,000,000 a year.

As I said, 20 State legislatures have memorialized Congress to enact this measure into law. I have the list of States and it will take only a moment to read it: Montana, Nevada, Wisconsin, Illinois, Minnesota, North Dakota, California, Nebraska, Oregon, Indiana, Arizona, Idaho, Colorado, Oklahoma, South Dakota, Tennessee, Iowa, South Carolina, Kansas, and Michigan.

Mr. President, those States have the bulk of farm mortgages throughout the United States—something over \$6,000,000,000 of farm mortgages, according to the last reports. They are interested and their farmers are interested in saving the farm homes. The business men are interested, the legislators are interested, and everyone in the agricultural States is interested, but here in Congress we seem to be more interested in the bond buyers and the Federal Reserve banks than we are in the welfare of the farmer. Under the terms of this bill we are giving the bond buyers 4-percent interest on the bonds, guaranteeing the interest for the life of the bonds. They might as well be straight-out Government bonds.

Mr. SHIPSTEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Minnesota?

Mr. FRAZIER. I yield.

Mr. SHIPSTEAD. With great eloquence here today it has been explained that the bondholders must be protected, and whatever benefit is bestowed upon them by the Government cannot be reflected to the farm borrower. When we gave them \$100,000,000 last spring we did not specify the conditions of the appropriation. We were told the farmer would get the benefit. We should have provided for \$100,000,000 in reduction of mortgages held against the bonds. That is the only way we could properly spend \$100,000,000 for the benefit of the farmer.

On yesterday we arranged to furnish another \$100,000,000 in such a way that they can take up \$250,000,000 of bonds, making a profit of \$150,000,000 if bonds are bought at present value. It is said we had to give them a profit in order to make good their losses, but if they lost all of their capital they could not lose more than \$30,000,000, because that is all their capital. They cannot lose any more than their



capital and that amounts to only \$30,000,000. If we gave them this money to make a profit, they can take all they can possibly lose, or \$30,000,000, and have a possible profit of \$120,000,000 more.

Mr. FRAZIER. Mr. President, I thank the Senator from Minnesota for his statement.

The farmers throughout the Nation are probably more familiar with the so-called "Frazier plan" than they are with any other farm measure that has ever been introduced in the Congress of the United States. The farmers throughout the United States are hoping and praying that the Congress will adopt this plan in order to save their homes from foreclosure, in order to save their life's work, in order that they may buy back the old homesteads which they lost by foreclosure in the last few years.

The prayers of the farmers of the Nation will be answered if the amendment incorporating my plan is adopted as a substitute for the so-called "administration plan." The Congress ought to lighten the burdens of the farmers by lowering their rate of interest—by giving them a reasonably low rate of interest and a reasonably long period of time in which to pay their loans.

The farmers' plight is one that cannot be fully described. They have gone out into new sections of the country and, with their bare hands, with the aid of their wives and families, have built their homes, in many instances. After 30 or 40 years, in thousands of cases, their homes have been and are being taken away from them, their life savings all gone through the dread foreclosure of the mortgages upon their homes and properties. It is time for Congress to come to the relief of agriculture.

Mr. NYE. Mr. President, I am sorry there has been an agreement as to a time to vote upon the matter. I know there are others here who want to be heard; and if it will be of any assurance to them at all, I mean to be exceedingly brief and afford as much of the remaining 35 minutes as possible for distribution among them.

Arthur Brisbane, in his column published this morning, said:

Every rich man in America, from banker to bootlegger, asks every other rich man what leaving the gold basis means. Those that need to ask the question are men on small salaries. Prices of food and other necessities will go higher, but their salaries will not go higher, or, at best, rise slowly.

It would have been a good idea to have left the gold basis before Nation-wide salary reductions were forced on employers.

As usual, when big things happen, it is the "little man" who gets hit. In war he gets shot. In panics he gets poor. In depressions his wages go down. Off the gold basis, his dollar is worth less.

But he is very patient.

The "little man" is indeed very patient. But in these days, when we are striving to accomplish genuine improvement, let us beware of action which may prove nothing more than action empty of both help and promise. Without a true exercise of that caution America may quickly find that there is a point at which the patience of the "little man" snaps and breaks. None are so blind today as to fail to see what the result of abandonment of patience will mean.

The pending farm bill, to which my colleague offers the amendment upon which we are about to vote, has been accepted by the farm people of this country as something worth while. Many who accept it as good have little or no acquaintance with the measure. They accept it on faith. But here in our own ranks, let it be admitted, there is not as large a measure of confidence in the proposal as one would like to see. Instead of declarations revealing enthusiastic backing of the bill and a confidence in its ability to accomplish the change so desperately needed on the farms of America, instead of this Senators are speaking of the bill as a "glorious experiment." Many have been heard to say, in effect, "We do not know what this bill is going to do; we hope it is going to do some good. Anyway, it is an attempt to improve the agricultural situation, which now is quite unbearable."

Let me warn the Senate that we had better know what we are doing. I am sure the farm people, after years of experience of this kind, are in no frame of mind to tolerate

further experimentation. They have been wondrously patient. They have watched leaders cast aside legislative measures which would have gone directly to the correction of the ills of agriculture, and, in their stead, force the adoption of experimental measures until they have grown sick and tired of the practice. They are like the patient who refused to submit to a thirteenth operation after the same surgeons had gone forward 12 times with operations they frankly declared were quite experimental and might not remedy the fault with which he was afflicted. Patience, I fear, has ceased to be a farmer feature upon which America and her lawmakers and administrators can longer depend. If I do not mistake the tenor of those I know so well, the farmer today expects action—direct action. Without it he loses his home. He cannot longer continue to hold out against the ravages which have beset his course for so many years.

None can blame the farmer if he has lost, or is about to lose, his patience. The Senator from New York [Mr. WAGNER] a day or two ago declared that the troubles of debt so burdensome to the farmer today are traceable to the war. I remind the Senate that something resembling rebellion on the farms existed even before the war. Back in 1916 the farmer set out to correct the evils of a marketing system which was oppressive to his interests. He sought control of State legislatures, and suffered all manner of abuse by reason of his early effort. Then came the war. A continuation of his activity during that period was subject to the charge of disloyalty, and he continued to take "bitter medicine" during the years of that war while he saw others growing wealthy through the same war. Helplessly he submitted to the fleecing administered by the Federal Reserve bank through the deflation program of 1920; and ever since that day he has watched things go from bad to worse while his Congress and his Government experimented upon him.

Until 1928 he got nothing in the way of legislation. First he listened to majorities in Congress declare that the agricultural trouble was not real at all; that whatever trouble there was existed alone in the farmer's mind; he should go to work and help himself more; that was the one thing needed—not legislation to help the farmer. The farmer hopefully watched these adverse majorities dwindle. Then his patience was made to bear the suffering and discouragement of presidential vetoes. Then came experiments in the stead of the direct-action legislation a majority of Congress passed and saw vetoed. These experiments are too freshly in mind to call for their recitation here and now. It is sufficient to say that those experiments carried their sponsors to political graves. Yet, though these graves are still new, we find on every hand in our midst here men who are ready to try more experiments upon the farmer.

I am sure that this farm bill carries features meriting approval. I can see some improvement in commodity prices coming out of this legislation. At moments I fear the cost of accomplishing that improvement will dangerously offset any gain; but my greatest fear is that the remedies afforded in the bill are too inadequate to accomplish the fuller measure of improvement which must be enjoyed if farm homes are to be saved to their owners.

I sincerely hope that the measure can and will be so administered as to prove the existence of greater value in the legislation than its sponsors, who speak of experimentation again, seem to see in it. While I expect to support the measure when the call comes to vote upon it, I shall do so not because I believe it to be the measure of legislative help necessary, but because it is the maximum of help to be expected at this time. If it is inadequate, then the quicker we pass the measure the quicker will its inadequateness be demonstrated; and when that is demonstrated I have confidence that our administrative leadership will not hesitate in affording more adequate help.

But why, I ask, should we not avail ourselves of such opportunities as present themselves to strengthen this bill and make it something more than an experiment? The bill carries a refinancing feature intended under certain conditions to make help available to the farmer, such as will



enable him to refinance his mortgaged indebtedness at  $4\frac{1}{2}$  and 5 percent. True, this will be of help to some farmers, but to so few, I fear, as will mark little improvement in the general agricultural condition. Money must be much cheaper if the farmer is to recover from these many long years of depression which, after all is said and done, started on the farm.

Former Representative LaGuardia, of New York, in a dispatch under date of April 12 to his former colleagues here in Congress, expressed himself in the following manner regarding relief for the farmer in the form of obligations bearing  $4\frac{1}{2}$ - and 5-percent interest:

If it is true that farm mortgage bill provides for 5 percent interest I appeal to you and fellow progressives to vote against such damnable provision. Sanctioning by legislation at this late date of a 5 percent interest rate is not only unconscionable but indecent. By voting against the bill you will not only protect the farmer but will be voting for the best interest of the country and the future of our Republic. I am certain that administration and leadership sponsoring this bill have been not only misinformed, misled, but deceived. Bankers' advice should not be heeded; they have not only been exposed of their wretched misconduct and selfishness and disregard of public interest but their incompetency as well. They are discredited and are now cringing, seeking to perpetuate a cruel system of exploitation. Congress must not permit them to capitalize the misery of the farmers and the workers from which they can get dividends for the next 40 years. Mark you that bankers will exchange existing mortgages for absolute good assured bonds provided in the bill. Interest rate cannot afterwards be lowered. You will recall my bill which provided for 3-percent interest, of which only 2 percent would be paid to holders of present mortgage. At the time bankers with their backs to the wall were only too glad to get such a measure; it was either that then or a complete loss of farm mortgages. The courageous spirit of self- and home-preservation displayed by the farmers of Iowa will be emulated all over the country unless their interest rate is brought down. If proper protest is displayed now the country will back such action and a low rate of interest can be written into the law. Bankers are chuckling that they are putting something over on Congress and the American people. They are too stupid to see the handwriting on the wall. Stick to 3 percent interest, of which 2 goes to the mortgage holders, as per my bill, which you will find on file and which at the time I can assure you had the approval of persons up to the very highest of present administration.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. NYE. I yield to the Senator from New York.

Mr. WAGNER. I think there is a sort of misapprehension that we have fixed a rate of  $4\frac{1}{2}$  percent for future loans to the farmer. We have not fixed any such rate. For the next 5 years it is not to exceed  $4\frac{1}{2}$  percent; but if the bonds which are to be issued, the interest on which is guaranteed by the Government, are sold at a lower rate of interest, to the extent that it is lower the farmer will get the benefit, because while there is a limit of  $4\frac{1}{2}$  percent during the period of 5 years, under the general provisions of the law there is to be a spread of only 1 percent between the amount paid for the money and the amount charged for the money. So that if these bonds should be sold for  $2\frac{1}{2}$  or 2 percent, the farmers will receive their loans for 3 percent.

There has been a misapprehension that there is a fixed and inflexible rate of interest to be charged. It is inflexible only pending the determination of how successful we are in selling the bonds which are to be issued under the measure.

Mr. NYE. Let me ask the Senator a question: Do not the provisions of his amendment require the bonds to be sold at not less than 4 percent?

Mr. WAGNER. Oh, no; there is no such provision in the bill.

Mr. NYE. Then it reads "not more than 4 percent"?

Mr. WAGNER. "Not more than 4 percent."

Mr. NYE. But it seems to me that is a virtual guaranty of the rate at which the money is going to be available to the Government—4 percent. If we carry on for a matter of 4 or 5 years and let the people who are ready to do so invest in securities of this kind, they are going to take their 4 percent, and that rate is going to be fixed for 30 or 40 years as the lowest rate of interest available to the American farmer.

Mr. WAGNER. Of course, that is not entirely the experience. The maximum fixed is not always the amount which is paid in the way of interest. I was going to ask

the Senator whether he expects the bonds provided for under the Frazier amendment to be sold at 1 percent.

Mr. NYE. No; I do not expect that they can be sold. I expect that the requirement will be upon the Federal Reserve System themselves to take those bonds and to issue the currency against them.

Mr. WAGNER. So that this is really a proposal to print money up to the extent, possibly, of \$12,000,000,000, because that is the total of outstanding secured and unsecured indebtedness.

Mr. NYE. Oh, Mr. President, the last person who ought to complain about basing money upon land, as we would be doing under the Frazier amendment, is the Senator from New York, who, I know, is in hearty accord with the program which has come to us within the last few days which would authorize the issuance of money without any backing whatsoever.

Mr. WAGNER. May I say to the Senator that that very bill provides that as money is issued, Government obligations are retired. To the extent that the money is issued, Government obligations are retired, which is quite a different proposition.

Mr. NYE. Then, too, we must not forget that on the opening day of this session of Congress we authorized the issuance of a kind of money that had no Government bonds back of it, or the retirement of which did not mean the retirement of Government bonds at all. We permitted the bankers to come forward with their assets, whatever they might be, and have currency issued against them; but the minute the American farmer says, "Let my land, which is here today, tomorrow, next year, and for all time, be a basis for money" we throw up our hands and say, "Oh, my! That is unsound money. That is loose talk." Why is it?

Mr. WAGNER. In the first place, those loans are very short term loans, which is quite a different thing; and when the loan is liquidated the amount of currency which is issued is retired at the same time. They are all short-term loans. This is an entirely different proposition.

Mr. NYE. Mr. President, if I may, in the remaining few minutes, be permitted to get back to the thought I was trying to convey, I wish to remind the Senate again that the farmer is in no frame of mind to be played with or experimented with. I hope that the bill that is written and that is going to be passed here will work out much more satisfactorily than anyone here seems to think it will, because if it does not, heaven alone knows what the consequences, not alone to the farmer but to his Government, are going to be.

Anyone who has contact with the farmer these days, anyone who knows how he has hoped and prayed and looked forward to this promise and that promise from month to month, knows that he is not going to stand it much longer merely on the prospect of more promises. We all get a great deal of mail from the farmers. I was tempted at one time during the last few hours to bring here to the Senate Chamber a hundred or 200 or 300 letters, all of which express the thought which I want to leave with the Senate here this morning, namely, that it is time we got something direct, something positive, to improve commodity prices that will enable the farmer to refinance his indebtedness, and enable him to maintain his home. But I am going to resort to only two such letters. One comes from a particularly eminent farmer in my State, a farmer who a few years ago was considered wealthy, a farmer who had pioneered, homesteaded, and built up a fine home, and then in more recent years found his equities, his savings, his property, vanishing to such a point that last June, when he went away from home for a month, he left the farm in the hands of his boys and asked those boys to undertake the job of shearing 250 sheep. When he returned home he found those sheep sheared, and he found a great mound of wool stored away, ready to be bundled up and carried to the market. He bundled it up and carried it off to market, and when he got to market he found that all he could get for that wool from 250 head of sheep was not enough to buy a suit



of clothes for each of the two boys who had sheared those sheep.

The same man writes that he discovered, as many others have discovered, that he could not carry upon his back from his wagon to a warehouse enough hides to exchange for a pair of decent shoes. He saw his equities going from year to year and from day to day, and I know what is in that man's mind when he sits down and writes as he did to me within the last few days. He said:

But I sometimes think it were as well to let everything go down to the very bottom while we are at it as to try to patch up and be fleeced again in a short time. As far as the farmer is concerned we are about as low as we can get. We cannot and we will not pay taxes and interest and we refuse to have our property taken away and we refuse to move. No more "for sales" around here. About 2 weeks ago four or five hundred farmers met up at the county seat and stopped one foreclosure sale and I do not think we will have any more for a while, so things cannot get much worse for us. Let the big fellows bust, too; that is, those that are left, if that is what they want. They cannot get any more out of us. We will manage to live somehow. We won't worry. Let the other fellow worry now for a while.

That is just one little picture of the thought that exists in the agricultural mind today. The farmers are about ready, in other words, to engage, if need be, in a program that will destroy every institution and bring it down onto that level which they have occupied for the last half dozen or dozen years.

Just one more letter, and I will read very briefly from it. I do not quote this letter because I desire to cause any particular response or to be sensational, but this man and his wife who wrote me this letter, which I read in part, say this:

It looks to me, when a government gets down so low and so greedy that they will starve their own people to death in the midst of plenty, the sooner the government goes to hell the better it will be for the rest of us.

Mr. President, I could resort to any number of letters, as other Senators could, showing that dangerous spirit which exists in the farm mind today, and yet we frankly confess here today that in the pending farm bill we are going to experiment some more with the farmer.

I hope with all my heart, Mr. President, that it may be a most successful experiment. The farmers are not ready to bear up under any more failures, and, now that the opportunity is ours to do something more than experiment and to reach out to the farmer a proposal that he may refinance his farm indebtedness, requiring, in payment, only a matter of 3 percent per year to cover the interest, and to cover the amortization on the principal, why should we not take it, why should we not accept it? We are going to do it sooner or later, and we might better do it sooner.

#### FORTHCOMING ECONOMIC CONFERENCE—PROPOSED REDUCTION OF WAR DEBTS

Mr. LEWIS. Mr. President, before the vote on the pending amendment, which I understand is set for 1 o'clock, I desire to submit an observation which, while not directly connected with the amendment, is necessarily a cousin to it.

I recall that some time past when in Egypt I allowed myself to attend a form of celebration where the death-head is brought in to confront the feast of joviality. It is no desire of mine to tender such a deadening influence upon a feast, but there is at this moment a serious thought which urges upon me the necessity of expression.

If the pending farm bill is to be a success, if the financial measure that is under consideration is to harmonize with it, and both together to work to the success of our country, there must be no such adventure as comes this morning to our notice in a threat to the United States.

Publicly it is asserted that, at the meeting which is to be held here and at London between the representatives of the foreign nations and those of the United States looking to the form of an economic conference, before any measure shall be taken in the shape of trade economy or bank or tariff finance, something must be advanced as a policy disposing of the debts owed by the foreign nations to the United

States, and that these must first be treated on the basis of revision or cancellation.

Sirs, we read in the cables flashed from Europe that in some form there must be agreed by the United States, if not to cancellation, to a plan of a general revision of the whole foreign debts alleged to be owed the United States.

Mr. President, I have no intention of sounding a warning that takes on the form of a threat or intimidation. But I wish to say as a Senator representing, with my honorable colleague, one of the sovereignties of America, which will be affected in some form by this arrangement, whatever shall follow this meeting, that as asserted now by the representative both of France and of England, as reported in the press, before any concession will be made to the United States touching the matter of trade, and before any arrangement can be arrived at that shall result in some better relationship of cooperation between the countries in the matter of commerce and tariffs, there shall first be a consent by our Nation to revision or cancellation of the debts as a consideration before any action prescribing trade regulations of these harmonies shall be undertaken. If it be true that the consent to a further reduction or cancellation be the first move, then the proceeding had best end now. Here I proclaim as Senator, I am compelled to say that if at the very outset it shall be tendered to the honorable President of the United States, and those who represent him, that there must be a consent first that there shall be a revision or some form of cancellation, or cancellation or some form of revision, this conference will not succeed. It will be a failure. Mr. President, the suggestion of such necessity will be treated as a deliberate threat upon our Government of injury to us unless we surrender to the demand—

I wish to say that the American people are in no temper to be intimidated by these forms of propaganda sent by cable to precede this gathering—the generators of this flash only and to illuminate with a new fire or some fire a new prejudice or hatred. We wish peace and harmony, but the American people will not adopt any proposal by any administration of any politics or of any nation that compels the canceling of the international obligations or the revision of them. Such result would put upon the farmer a new and increased burden, as is suggested by the speeches of the Senators from North Dakota. It would mean an extraction from our Treasury of the money needed to pay our soldiers. It would deprive us of money needed to pay the interest on bonds due our own people.

I conclude by saying, as I rise to make the protest, that if there shall be an attempt made to make the revision of the debts, or the cancellation of them, the basis for the consideration of our economic parley, whatever may be its end, it had better not be proposed. The attempt to achieve it is the end of the conference. The American public will not tolerate entering upon the consideration by first surrendering America to the extortionate demands of the foreign nations. Nor will our people tolerate America to again be put in the position that while she ostensibly announces to our countrymen that this was to be an economic conference looking purely to the adjustment of trade she was trapped in the design, or was yielding to it, of tricking the American public and the people of the Nation by which the money due from nations who borrowed from us was juggled from us.

Mr. President, allow me to say that if such scheme shall once possess the mind of the American public as the purpose in hand, it will end the usefulness of this conference. The prospect or effort toward success in the plan will fill the American mind with suspicion. It will put the foreign delegates in attendance as having treated our own nationals in an unworthy way. I am anxious to have us succeed, but I prefer failure to surrender. I rather go farther, and adopt the creed which we have, through Addison, in the address by Cato:

'Tis not in mortals to command success,  
But we'll do more. Sempronius—

We will deserve it. In this international meet America will be all-American—true to herself and just to all others.



## RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. NORBECK. Mr. President, I am not one of those who believe the farmer can get himself out of trouble by borrowing more money. The earnings do not permit him to pay 8-percent interest, nor 4 percent, nor even 2 percent. There must be something in addition to this bill.

I am quite distressed over the attitude of some Senators representing the industrial States, who have not all come to realize—or rather, they have forgotten—that national wealth comes from national resources, comes out of the farm, comes out of the forest, and comes out of the mines. But I must admit we have people who believe that big cities can be built and prosper on a desert; that a supporting country is not necessary. They do not realize New York is large because it has the trade of the continent. They do not realize that their business profits, the value of their property, their well-being and very existence are dependent upon the "back country."

I do not believe this bill will be the means of placing the farmer on a living basis, but I know that if interest rates could be reduced it would also reduce the farmer's annual loss. I vote for this bill because of the necessity of it. I vote for this bill because I desire to protest against existing conditions. I vote for the Frazier bill as a substitute for the administration refinancing provision, because I think such a provision is impractical; it is expected to relieve the farmer at the expense of the Treasury. I am afraid when we come to see its workings we will find it has benefited the mortgagee more than the mortgagor. Unless it is very well administered, it will permit insurance companies and mortgage companies to get a quasi Government bond for an uncollectible note and mortgage.

A couple of weeks ago I met with a hundred farmers representing various farm organizations. It was their opinion they would rather have nothing than to have the 4½-percent refunding provision, which is now carried in this bill.

Mr. President, it has been said in criticism of the Frazier substitute that it would take us off the present gold standard. I look upon that as an additional reason for supporting it.

Business prosperity cannot return until the national earnings are more fairly divided between all classes, so that each class may have some purchasing power. I believe that the agricultural depression, which started in 1920, is the major cause of the Nation-wide depression. Where there are no earnings, there can be no purchasing; without purchasing, the factories will stop. With idle factories, we have idle workingmen. With idle workingmen, we have what we now have.

Mr. President, I think it is so entirely unnecessary for a people as intelligent as ours, in a land of such great natural resources, to be in this kind of situation. We have reached the point where farm property cannot pay interest and taxes, and its value has shrunk badly. It does not pay a wage, half a wage, or even a quarter of a wage to the man who labors long days on the farm.

If the farmer could have had a fair price for his products in the last decade—that is, some wages for his labor—there would not now be any need of additional credit legislation. But it is going to take the farmer a long time to get back to a normal condition. In the meantime it would be helpful to him if the interest rate on his indebtedness could be reduced. This relief must come soon, for the land is fast passing out of his hands. Recent surveys show less land under mortgage than formerly. The farms are rapidly passing into the hands of the money lender.

If this farm-relief bill does what is expected of it—increases the farm-commodity prices a little—and we adopt the Frazier credit plan as a substitute for the provisions in this bill, the turning point will have come in agriculture, and the whole Nation will soon feel its effect. If nothing is done, we will continue in the direction we are going until all sec-

tions of the country have hit a common level, but it will be a low level.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment of the Senator from New York [Mr. WAGNER].

Mr. LONG. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. FRAZIER. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Lewis	Robinson, Ark.
Ashurst	Couzens	Logan	Robinson, Ind.
Austin	Cutting	Loneragan	Russell
Bachman	Dickinson	Long	Schall
Bailey	Dieterich	McAdoo	Sheppard
Bankhead	Duffy	McCarran	Shipstead
Barbour	Erickson	McGill	Smith
Barkley	Frazier	McKellar	Steiwer
Black	George	McNary	Stephens
Bone	Hale	Murphy	Thomas, Okla.
Borah	Hastings	Neely	Thomas, Utah
Bratton	Hayden	Norbeck	Trammell
Brown	Johnson	Norris	Vandenberg
Bulow	Kean	Nye	Van Nuys
Byrd	Kendrick	Patterson	Wagner
Capper	Keyes	Pope	Walsh
Caraway	King	Reed	White
Clark	La Follette	Reynolds	

The VICE PRESIDENT. Seventy-one Senators have answered to their names. A quorum is present. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment of the Senator from New York [Mr. WAGNER].

Mr. LA FOLLETTE. I ask for the yeas and nays.

The VICE PRESIDENT. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. AUSTIN (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS], in whose absence I withhold my vote.

Mr. LEWIS (when Mr. DILL's name was called). I beg to announce that upon this vote the Senator from Washington [Mr. DILL] is paired with the Senator from West Virginia [Mr. HATFIELD].

Mr. KENDRICK (when his name was called). On this vote I am paired with the Senator from Vermont [Mr. DALE]. Not knowing how he would vote, I withhold my vote.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent on account of illness. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and will vote. I vote "nay."

Mr. McNARY (when his name was called). I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. Not knowing how he would vote, I withhold my vote.

Mr. THOMAS of Utah (when his name was called). I wish to announce that I have a general pair with the junior Senator from Maryland [Mr. GOLDSBOROUGH], and therefore withhold my vote.

Mr. VAN NUYS (when his name was called). I have a general pair for the day with the senior Senator from Connecticut [Mr. WALCOTT]. I understand that on this amendment he would vote in the same way that I intend to vote. Therefore I feel at liberty to vote, and vote "nay."

Mr. LEWIS (when Mr. WHEELER's name was called). The Senator from Montana [Mr. WHEELER] is paired with the Senator from Rhode Island [Mr. HEBERT]. I am requested to announce that if the Senator from Montana were present he would vote "yea", and the Senator from Rhode Island, if present, would vote "nay."

The roll call was concluded.

Mr. GORE. I have a general pair with the senior Senator from Ohio [Mr. FESS], who has been called out of the city. Therefore I withhold my vote.

Mr. McKELLAR (after having voted in the negative). I have a pair with the junior Senator from Delaware [Mr. TOWNSEND], which I transfer to the junior Senator from Texas and allow my vote to stand.



Mr. LEWIS. Mr. President, I wish to announce the following general pairs:

The Senator from Colorado [Mr. COSTIGAN] with the Senator from Rhode Island [Mr. METCALF]; and

The Senator from Wyoming [Mr. CAREY] with the Senator from Ohio [Mr. BULKLEY].

I also wish to announce that on this vote the Senator from Louisiana [Mr. OVERTON] has a special pair with the Senator from Maryland [Mr. TYDINGS]. If present, the Senator from Louisiana [Mr. OVERTON] would vote "yea", and the Senator from Maryland [Mr. TYDINGS] would vote "nay."

I wish further to announce that the Senator from Massachusetts [Mr. COOLIDGE] and the Senator from Colorado [Mr. COSTIGAN] are necessarily detained from the Senate on official business.

The result was announced—yeas 25, nays 44, as follows:

## YEAS—25

Bone	Duffy	Murphy	Shipstead
Bulow	Erickson	Neely	Steiner
Capper	Frazier	Norbeck	Thomas, Okla.
Caraway	La Follette	Nye	Vandenberg
Couzens	Long	Pope	
Cutting	McCarran	Robinson, Ind.	
Dickinson	McGill	Schall	

## NAYS—44

Adams	Byrd	Kean	Reynolds
Ashurst	Byrnes	Keyes	Robinson, Ark.
Bachman	Clark	King	Russell
Bailey	Copeland	Lewis	Sheppard
Bankhead	Dieterich	Logan	Smith
Barbour	Fletcher	Lonergan	Stephens
Barkley	George	McAdoo	Trammell
Black	Hale	McKellar	Van Nuys
Borah	Hastings	Norris	Wagner
Bratton	Hayden	Patterson	Walsh
Brown	Johnson	Reed	White

## NOT VOTING—26

Austin	Davis	Hatfield	Thomas, Utah
Bulkey	Dill	Hebert	Townsend
Carey	Fess	Kendrick	Tydings
Connally	Glass	McNary	Walcott
Coolidge	Goldsborough	Metcalf	Wheeler
Costigan	Gore	Overton	
Dale	Harrison	Pittman	

So Mr. FRAZIER's amendment to Mr. WAGNER's amendment was rejected.

The VICE PRESIDENT. The question now is on the amendment of the Senator from New York [Mr. WAGNER], as amended.

## PROPOSED MEASURES OF INFLATION

Mr. REED. Mr. President, I have noticed in the newspapers that the administration has sent to the House a bill requesting the bestowal of power upon the President to annul and cancel any outstanding contracts that have been made by the United States Government. It seems to me that to request such power is in full conformity with the currency experiments embodied in the so-called "Thomas amendment" pending in the Senate. It is reported by the newspapers that the President asks power even to cancel the agreement of the United States to pay its public debt; he asks power to default, annul, cancel the bonds to which we solemnly pledged the faith and credit of the United States.

Mr. JOHNSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from California?

Mr. REED. I yield.

Mr. JOHNSON. I have never heard of the measure that is suggested by the Senator. Will he do me the kindness to tell me what bill it is that seeks to give the President the right to cancel and annul all existing United States contracts?

Mr. REED. It was reported in the press of yesterday morning, and has not been denied, that the administration has sent such a measure to the House—informally, of course—asking for a number of powers, including the powers of which I speak. I will be glad to obtain copies of the press article and show it to the Senator.

Mr. JOHNSON. I will not ask the Senator to do that. I am unfamiliar with the matter, and that was the reason of my query.

Mr. REED. I shall send for the press article.

Mr. LEWIS. Mr. President, may I ask the Senator from Pennsylvania a question?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Illinois?

Mr. REED. I yield to the Senator.

Mr. LEWIS. With the permission of the Senator from Pennsylvania, I desire to say that since the Senator says it was on yesterday information was imparted to him from some source of this astounding and revolutionary suggestion, as he would correctly term it, I ask him if he has made any effort from that time to now to verify if such a fact exists, or if it is possible to have been an error of publication?

Mr. REED. I am not in the confidence of the administration, but I have seen no denial of it. If it be untrue and incorrect, I hope someone who does know the intentions of the administration will promptly contradict it.

Mr. ROBINSON of Arkansas. Mr. President—

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Arkansas?

Mr. REED. Certainly.

Mr. ROBINSON of Arkansas. Did the Senator state a bill had been sent to Congress?

Mr. REED. That is my understanding. I have sent for the paper and will place the article in the Record.

Mr. ROBINSON of Arkansas. This is the first I have heard of the subject matter of the Senator's discussion.

Mr. REED. The reports that I saw purported to be an announcement from the White House giving a list of the powers which the President was asking, and one of them, I remember distinctly, was the power to annul and cancel any existing contract of the United States Government. In case that was done the President was to specify the amount of damages to be paid to the person with whom we had the contract, and if that is unsatisfactory to the victim he is to have the right to bring suit for further damages.

Mr. BANKHEAD. Mr. President—

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Alabama?

Mr. REED. I yield.

Mr. BANKHEAD. Has the Senator made any effort to get a copy of such a bill?

Mr. REED. I have been making an examination of some sort to find out if anybody in the administration had denied it.

Mr. BANKHEAD. Does not the Senator recognize that if there is such a bill he could have obtained it merely by asking for it?

Mr. REED. I said this was a request that such a bill be passed. I did not state the bill had been actually introduced. Presumably that will be done today.

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. REED. I yield.

Mr. KING. The Senator may recall that during this session of Congress, as well as the last session, there was some criticism of certain contracts entered into by the Postmaster General with a number of individuals and corporations, and an amendment was offered in the Senate with respect to the bill then under consideration—and the amendment was germane—that certain contracts be terminated upon the ground that they were unfair and unjust to the Government. I am inclined to think that if the Senator saw a statement such as he indicated, it related solely to those contracts to which I have referred.

Mr. REED. It was not so limited in the press report which I saw, which applied to all existing contracts of the American Government. I hope very much that it is the intention of the administration to restrict it, but as the announcement read it would apply to bonds and every other form of existing contract.



Mr. WAGNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from New York.

Mr. REED. I yield.

Mr. WAGNER. I did not quite understand the Senator. Where was the statement made? Was it an authentic statement?

Mr. REED. It purported to be a statement made from the White House, as I read the paper. To clear up any further doubt, I shall see if I cannot find it for the Senator and read it into the Record.

Mr. WAGNER. Unless it is an authentic statement, I think we ought to suspend our judgment on the question until there is something authoritative said.

Mr. REED. I agree with the Senator, and I hoped I could find someone in the confidence of the administration who would tell us that this was untrue.

Mr. FLETCHER. Mr. President—

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Florida?

Mr. REED. I yield.

Mr. FLETCHER. Does the Senator think it is fair or just or quite proper publicly to denounce an attitude assumed to be taken by the administration based upon a newspaper report?

Mr. REED. I have sent for the article and will have it for the Senator in a moment. I am putting it in the form of a question.

The article has just been handed to me this moment. In the New York Times I find this statement:

Mr. Roosevelt sent to the House today a revised estimate for the 1934 independent offices supply bill carrying a reduction of \$468,000,000, and at the same time submitted legislative plans formulated by Lewis W. Douglas, Director of the Budget, which would permit the President to cancel Government contracts, furlough at half pay many Army officers, retire civil-service employees who complete 30 years' active service, and give the President other discretionary powers.

Then follows the message of the President, and then the article continues:

The legislative recommendations were, briefly, to empower the President to cancel existing Government contracts.

Then follows the list of other discretionary powers he wants, and then the article continues:

A few confidential copies of the proposed legislation and Budget estimates were submitted by President Roosevelt to the House Appropriations Committee. These were carefully guarded, but news of the proposals spread rapidly about the city. Chairman BUCHANAN immediately called an executive session when the bill was received.

They were kept confidential from me, I can state to the Senate, as my only knowledge is the newspaper report, which appeared to be official.

Mr. ASHURST. Mr. President—

The PRESIDING OFFICER (Mr. AUSTIN in the chair). Does the Senator from Pennsylvania yield to the Senator from Arizona?

Mr. REED. I am glad to yield.

Mr. ASHURST. If it will give any comfort, and certainly his query is proper, because the item appears in one of the most reliable papers in the world, but I hope the Senator will not ask me to give the authority upon which I make this statement, but I am able to say that not even in the most remote flight of imagination was it intended by anyone connected with the administration that any such cancellation should apply to bonds issued upon the faith and credit of the United States, and paid for by the citizens thereof or by any other person.

Mr. REED. Mr. President, I thank the Senator, because his statement does reassure me very greatly. I take it, further, that, if by any chance the legislation should be couched in language so broad as to include outstanding Government bonds, the administration forces here in the Senate would support an amendment to exclude bonds from the list of contracts that might be canceled.

Mr. ASHURST. The Anglo-Saxon, the English—the American race may have faults. We may not possess some

of the shining virtues of culture and the particular accomplishments of other races, but the one virtue of our American race—I hope it is not the only one but the grand virtue of our race—is solemnly and promptly to discharge all our obligations.

Mr. KING. Mr. President, will the Senator from Pennsylvania yield?

Mr. REED. I should like to answer the Senator from Arizona if I may. I wish the Senator from Arizona had been here yesterday to hear the statement of the Senator from Nevada [Mr. PITTMAN], that he does not expect the United States Government to perform its promise to pay its outstanding bonds in gold. The reason he gave was a surprising one to hear on the floor of the United States Senate, and that was that the amount of the outstanding bonds being greater than the amount of gold that is in the world, the promise could not be performed.

Mr. ASHURST. I have been for the double standard (gold and silver) ever since I was sentient. I think the coinage of silver at 16 to 1 or 20 to 1 would bring prosperity in 40 days. I have said that four different times on the floor of the Senate. I repeat, a bond payable in gold will in my judgment be paid in gold. I think, however, that we should stop the issuance of tax-exempt securities.

Mr. REED. So do I.

Mr. ASHURST. I have introduced a joint resolution proposing that hereafter no tax-exempt securities shall be issued. Some of my ablest constituents, people of importance upon whom I may have to depend to be returned to the Senate, have suggested that I ought to try to have a law or amendment enacted providing that all tax-exempt securities heretofore issued should not hereafter have any tax-exempt privileges. In my judgment the United States should and will live up to that agreement and the constitutional amendment will be prospective instead of retroactive.

I beg the learned Senator from Pennsylvania to believe that neither this administration nor any other administration will ever be elected during his time or mine which will make any move looking toward the cancellation, revocation, or avoidance of the payment of obligations and bonds issued upon the faith and credit of the Government of the United States and upon and for which the people have paid their money.

Mr. REED. I thank the Senator. I honor the Senator for the sentiments he has expressed.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. REED. I yield.

Mr. KING. The Senator will recall that immediately after the war authority was given to executive departments to abrogate a number of contracts which had been entered into which called for large payments, the furnishing of supplies, and the building of ships, to be paid for by the Government, but it was understood, of course, that any damages sustained by persons with whom the Government had contracted, growing out of the termination of the contracts, should be paid by the Government. The result was that the Government did pay a large amount in the aggregate for damages sustained by reason of the termination of the contracts.

The matter which the Senator read, it seems to me, relates solely to certain contracts to which reference has been made and which were brought to the attention of the President by Mr. Douglas in connection with the Budget. It is clear that the contracts referred to in the newspaper article are the air mail and shipping contracts, which were discussed upon the floor of the Senate a few weeks ago. Contracts had been entered into which some of us believed were unfair to the Government and in the negotiation of which the Government had been overreached. It seems to me that if upon investigation it is found that some contracts were improvidently made or were tainted with fraud, or that there were conditions attending the making of the contracts which would justify their termination, the authority should be given to abrogate the same. But, of



course, there must accompany the power of cancellation the duty and obligation of making compensation to any injured party.

Mr. REED. I do not mean to be drawn into a discussion of those subsidy contracts.

Mr. KING. May I say to the Senator a committee has been appointed—I happen to be a member of the committee—to inquire into certain contracts with a view to making recommendations to the Congress as to what disposition shall be made of them. Suppose that committee shall find that some contracts were improperly entered into, that they were so improvident as to be unfair to the Government, or to warrant their abrogation, and shall so report, would it be improper for Congress to authorize the President or some agency of the Government to terminate the same? Of course, full opportunity should be given for the review by the courts of the entire matter.

Mr. ASHURST. Mr. President, will the Senator yield further to me?

Mr. REED. I am glad to yield.

Mr. ASHURST. The learned senior Senator from Utah [Mr. KING] is correct in his horoscope of the situation. I realize that the article has been construed by not a few persons in the way in which apparently it has been construed here. But I invite attention to the fact that along with the publication from which the learned Senator from Pennsylvania read, Government bonds of all issues rose perceptibly yesterday and today, indicating that the purchasers of bonds and those seeking investments generally have no fear that any attempt will be made here to repudiate any bond or other legal obligation of the Government issued upon the faith and credit of the United States.

Mr. REED. I had a notion that Government bonds went up because it was discovered that at least a part of the Senate is still in favor of keeping the promises of the United States.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. REED. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. The Senator has discoursed with great clearness upon the sanctity of contracts. I should like to ask the Senator if he also thinks the sanctity of contracts should apply to the promise of the Government to redeem its gold certificates, and to protect the citizen in his property.

Mr. ASHURST. Yes; Mr. President. There are no exceptions with respect to contracts lawfully entered into. All legal obligations must be complied with and executed, no matter how painful compliance therewith may be. There can be no exceptions. A man may not say, "I will recognize and pay this lawful obligation, but not the other."

Mr. SHIPSTEAD. The Senator, of course, realizes that we have violated that obligation.

Mr. BORAH arose.

Mr. REED. Does the Senator from Idaho wish me to yield to him?

Mr. BORAH. Mr. President, it does not seem to me that any distinction can be drawn between a bond and any other contract so far as the power of the President would be involved. In my judgment, it would be just as difficult under the Constitution to grant to the President the power to cancel any contract as it would be to grant to him the power to cancel a bond, because both would be judicial acts; would they not?

Mr. REED. Of course if there has been fraud in a contract the defrauded person has a right to rescind, but the test of his right must always be made in court. He gives the notice of rescission, but the justice of his action must always be determined judicially.

Mr. BORAH. Of course, the President would be authorized to give notice of the termination of the contract, and so forth; but to cancel a contract is a wholly different proposition.

Mr. REED. Oh, absolutely.

Mr. ASHURST. Mr. President, will the Senator yield to me once more? Then I will not bother him further.

There is a group of decisions handed down nearly 60 years ago by the Supreme Court of the United States, known, I think, as the "Legal Tender cases". I have reread them within the last few weeks. Not presuming to say what the Supreme Court might do, I have no doubt that they would take the same view on that subject that they took then; and, in my judgment, the Senator from Idaho is correct. Congress might pass its bills proposing to cancel legal contracts, but the Supreme Court of the United States would have a duty to perform before that could be done.

Mr. REED. Of course, any defrauded person has a right to rescind.

Mr. ASHURST. Fraud vitiates everything.

Mr. REED. Yes.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. REED. I wonder if the Senate as a whole will not yield to me for a few minutes?

Mr. LONG. I desire to ask the Senator one question. What about the contracts the Government had for stipulated fares, which yielded under the power of regulation of the Government when circumstances required it? Why would not the same power to regulate the coinage and the value of money apply?

Mr. REED. Because the Supreme Court has held that the regulation of rates of utilities is an exercise of the police power, which may be exercised from time to time as the necessities require. The cancellation of an outstanding debt is not an exercise of the police power as we understand it in our law.

Now, Mr. President, yielding to myself for a moment, yesterday, shortly after this rather ambiguous publication was made of the desire for the power to cancel contracts, the Senator from Nevada [Mr. PITTMAN] made the flat statement here upon the floor of the Senate that he did not expect the outstanding Government bonds to be paid in gold in accordance with their terms; and he followed it with the argument, which I say I never expected to hear made on the floor of the American Senate, that they could not be paid in gold because there were more bonds outstanding than there was gold in the world—as if every holder of every Liberty bond could get to the same window at the same instant and demand gold for his obligations!

Obviously, when we had 26 billions of bonds outstanding during the war, the supply of gold in the world was less than it is today, and yet it never occurred to anybody that that was a reason for defaulting on our promise. Everybody assumed, as they have done down through the ages, that such a promise could be fulfilled by paying the first comers in gold, and then buying back the gold, if necessary, in order to pay the second comers. That is the obvious way in which such transactions are handled in commerce and in Government finance. To say here solemnly and seriously that the Government expects to repudiate its promise in those bonds—because that is the only construction that can be taken when such a statement is made by a Senator prominent in the confidence of the administration—is bound, when it is generally understood through the country, to have a terrible effect upon the Government credit.

And what effect can it have, Mr. President, upon the Government credit to find that the administration in power only 6 weeks already is repudiating its solemn promise in its platform of last autumn to stand for sound money at all hazards? They have put in the greenback proposal; they have put in the debasement of the gold content of the dollar; and last night, just before we adjourned, in came a free silver coinage amendment offered by the Senator from Montana [Mr. WHEELER], and I am told by the newspapermen that it is explained to them that that has the backing of the administration.

If the administration backs the 16-to-1 silver-coinage proposal, backs a \$3,000,000,000 issue of greenbacks unsupported by any reserves, and backs this scheme to diminish the gold content of the dollar, what has become of the promise that was held out to the citizens of this country in the campaign of last autumn that the Democratic Party would stand for



sound money at all hazards—and 6 weeks after taking office it sanctions such recommendations as that?

I have here, fortunately, the exact text of the message which was sent by the President to the Speaker of the House of Representatives day before yesterday. Accompanying it is sent a message from the Director of the Budget, and it is stated by the President that with the Budget Director's statements he concurs. Here is one of the statements with which President Roosevelt concurs:

Sec. —. Whenever it shall appear to the President that the interest of the United States will best be served thereby, he is hereby authorized, in his discretion, to modify or cancel any contract to which the United States is a party and which was executed prior to the date of the enactment of this act.

Find any qualification in there, if you please, that will protect the man who bought a gold certificate from this very administration 2 weeks ago. If that passes, Congress is giving the President power, at the President's request, to swindle the investor to whom we sold gold bonds in this very month of April 1933; and if that is not meant to cover such securities, what business have we to be considering or receiving half-baked legislation like that?

The particular professor who wrote that section ought to have stopped to think that the faith and credit of the United States are involved when such a power is asked to be put in the hands of the President of the United States.

Mr. President, I was ridiculed yesterday, and charged with speaking only for the rich men of the country, when I said that the consequences of this inflation would be disastrous to the great mass of the American people. The best possible confirmation of what I said comes this morning in a statement from Mr. William Green, president of the American Federation of Labor, in which he says that he knows that this inflation scheme will be an invisible method of lowering wages. He backs up just the statement that we made here in the Senate yesterday, and announces that he will demand a corresponding wage increase to make up for this reduction that is being put upon him through money inflation.

Mr. SHIPSTEAD. Mr. President—

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Pennsylvania yield to the Senator from Minnesota?

Mr. REED. Just a moment. I will yield in a moment.

Mr. Green shows his plain recognition of the force of the point that the wage earners of this country are going to be the first immediate sufferers from this inflation scheme that the administration is backing. When he says that he will demand a wage increase I can readily understand that he will; but I can equally readily see that with the sidewalks full of men hunting work he is not going to get his wage increase, and therefore it will remain true that the wage earners of America are the first victims of this scheme of inflation.

Mr. President, it is probable that this thing is coming on for a vote next week—on what day nobody can say accurately; possibly Wednesday. Unless America wakes up, and lets its Congressmen and its Senators know its feeling about this plan, there is every likelihood that it will pass.

This morning my desk is littered with telegrams of congratulation from people all the way from Maine to California on some poor remarks that I made here yesterday. I am not the person to whom to telegraph. Those people ought to be telegraphing to the Senators and Congressmen who have not yet declared their position on this insane scheme. If America will wake up and will send in messages telling how it feels about this, and will cease sitting back and saying, "Oh, well, those Congressmen are going to pass it, anyway", we will have a chance of beating this bill.

#### EXPANSION OF THE CURRENCY

Mr. LONG. Mr. President, I have been unable to fathom the legal argument of the Senator from Pennsylvania [Mr. REED]. I hope he may do me the honor to listen to me for a few minutes, and to try to reconcile the argument he is making relative to the power of Congress to coin money and to regulate its value.

To begin with, this Government is not founded on an absurdity. We know that there is only \$4,400,000,000 worth

of gold coin in America. We know that we have issued in this country approximately \$27,000,000,000 of obligations of the Government, payable in gold. Manifestly, neither the Government nor the courts nor the Congress will compel an absurdity. It is impossible by law to make a ball 8 inches in diameter go through a keyhole.

Mr. REED. Mr. President, will the Senator yield?

Mr. LONG. Yes.

Mr. REED. The Senator could not have heard what I said about that argument. Obviously, the holders of those bonds will have to come to the window one at a time. What is to prevent the Government from buying back the gold from the first comers to pay the second comers?

Mr. LONG. It is all right, I wish to say to the Senator, if the people come one at a time to the banks and to the Treasury for their gold. That is all right so long as there is no panic or emergency or depression among the people; but when matters reach a state, as they have in this instance, where everybody has gone to the banks holding \$44,000,000,000 of deposits, payment of which they have a right to demand in gold, and when \$44,000,000,000 is demanded in gold, or half of that, or a fourth of that, manifestly we have reached a position which means one of two things—chaos and absurdity, or an orderly regulation of money.

The Senator from Pennsylvania did not object to the power being given to the President to decrease the compensation of the soldiers of the World War. I was against that.

Mr. REED. Mr. President, will the Senator yield?

Mr. LONG. Yes, sir; I yield.

Mr. REED. At the time that bill was sent to us to vote for we were assured repeatedly through press statements that the veteran disabled in service was not going to be harshly dealt with. Does the Senator suppose that that bill ever would have passed if we had known what it was in the President's mind to do to the veterans of the country?

Mr. LONG. I thought I knew what was in his mind.

Mr. REED. The Senator is lucky. He is in the President's confidence.

Mr. LONG. No; I did not get it from the President. I told on the floor of the Senate what the bill meant. The Senator from Pennsylvania, had he heard me then and believed me, would have been as wise then as he is now. The President did just what we empowered him to do. I was against that kind of power being granted to the President at the time for the purpose indicated. I was not in favor of the grant of some of the other powers.

But here is where the Senator from Pennsylvania leaves the ship. He does not remain consistent. The power of Congress to regulate commerce and regulate the value of money is found in the Constitution. I read first the provision relating to the power of Congress to regulate commerce. It is in these words:

To regulate commerce with foreign nations, and among the several States, and with the Indian tribes.

Now I read the power over money:

To coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

Mr. REED. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. REED. Does the Senator find anything in that quaint old document from which he is reading that would justify Congress in giving that power to the President?

Mr. LONG. I am sorry the Senator asked me that, but if the economy bill is constitutional, this measure would be, too, and I am going to take the law as it has been interpreted for us.

Frankly, I want to partly agree with the Senator; I do not approve of the method of legislation we have pursued here, but it is the only kind of method by which we can get relief for the people, and the Senator from Pennsylvania and others have set the example that that is the process we are to follow, and I am going to get in line, because I am for inflation.



I want to get back to what I was reading the Senator. There is not a bit of difference in the world in the effect of the words giving Congress control over regulating commerce and regulating money. There is no difference. The words fix the power to regulate.

We people who have had rate controversies in the courts know what it means. This is what was done: The very interests which are today opposing the right to value the gold content of the dollar—the very interests which are today urging that we have to pay \$27,000,000,000 worth of Government bonds with \$4,400,000,000 worth of gold—those very interests were the first people, in 1920 and 1921, when that emergency period came about, to urge upon the court that, regardless of what contract had been made with the Government, not only the Government had the right to assail it and to cancel it but that the right was in the private interests themselves to cancel a contract made with the Government or with a State, whether the Government or the State wanted it canceled or not, if circumstances so required.

Now, let me give the Senate the cases on that.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. WAGNER. I think that principle has its limitations, because the courts have held, where an agreement is made between a municipality and a public utility that a certain rate of fare shall be charged, that that is an absolute contract and cannot be abrogated. That was held in the New York case, with which I happen to be acquainted. They distinguished between a contract and a mere grant of a franchise. I thought the Senator was going too far.

Mr. LONG. I will cover that case. I am very familiar with the law and the jurisprudence. Most of the suits in my section of the country were brought against me, and I do not think it is necessary to go any farther than Louisiana decisions to get all the law on that question. [Manifestations of laughter in the galleries.]

Mr. LEWIS rose.

The PRESIDING OFFICER. The rules of the Senate forbid demonstrations in the galleries. The occupants of the galleries will please take notice and govern themselves accordingly.

Mr. LONG. Mr. President, this is what the courts have held, that where a city has only the right to grant a franchise, then a contract granting the franchise is valid and binding as fixing a fare; but if the city has the additional power to regulate rates, then the franchise fare or rate is of no value if it is not reasonable considering the times and the conditions. That is the law. Plainly, under the Constitution the United States Government has the right to regulate the value of money, and any contract the United States Government makes is made subject to the greater right of necessity, so that whenever regulation is necessary a contract cannot stand in the way. That is as clear as a pike-staff.

Who was it who made this jurisprudence? Was it made by the United States Government when the emergency arose? No. Was it made by any man in the United States? No. It was made by the financial interests of this country which own the railroads, and own the gas companies, and own the street railroads. The first case, in 1920, the *San Antonio Street Railway Co. case*, was the birth of that new doctrine out of which philosophy they gained their right to live again.

What did that decision hold? There was an agreement by which the city of San Antonio granted to the San Antonio Railway Co. a franchise to use the streets of that city, conditioned upon them granting a 5-cent fare. In 1921 the San Antonio Street Railway Co. petitioned the council of the city of San Antonio for permission to increase the fare, and the council denied them that right. Thereupon the street-railway company went into the Federal court and urged that the dollar was no longer worth a dollar. I hope the Senator from Pennsylvania at least will read what I say, if he does not listen to it. They held in that case—and I defy any man to meet me on this—that

the dollar was no longer worth a dollar, but that the dollar was worth only 60 cents, and that therefore the fare of 5 cents for one ride was not a reasonable fare and they proposed to increase the fare to 7 or 8 cents.

Now, we come back to those people and say, the trouble now is not that the dollar is not worth a dollar. The trouble is that the dollar is worth \$1.63, and now we say that Congress has to exert the same power that has been established as valid in the jurisprudence of this country through the action of the Supreme Court of the United States. The reply is, "Oh, no; we are holding on to our constitutional right. The fact that the dollar went down in 1921 enabled us to break the contracts we had made with the Government, but the fact that the dollar has gone up in 1933 will not relieve the Government; the Government has to stand up to an absurdity, and absolutely force the lives out of its people trying to get \$44,000,000,000 in gold, when the entire gold of the United States amounts to only \$4,400,000,000."

Therefore, Mr. President, Congress must act constitutionally under this power. Why all this talk about the sacredness of contracts? It is because there are some who have a little gold left, who have bonds payable in gold; but the overwhelming majority of the people of the United States have neither gold nor obligations payable in gold. They are the persons, naturally, who must benefit from devaluing the gold dollar and from the inflation of the currency; but the man hoarding gold, or who is so fortunate as to have an obligation payable in gold, has not sense enough to see that the goose can lay but one egg a day. They think that these 25,000,000 starving American people will, somehow or other, come through the sweat mill and the grist mill and the wringer, and leave them a means by which they can collect their obligations in gold. Their factories are idle today because those people are without purchasing power. The common man cannot buy from the steel mill unless he has something with which to buy; he cannot buy from the shoe factory unless he has something with which to buy; he cannot buy from the grocery store unless he has something with which to buy. But the bloated owners of fortunes in this country, that ruling class which never has been known to abdicate, cannot see that the people of the United States, 50,000,000 of them, 60,000,000 of them, have no purchasing power. They cannot see that in this emergency \$44,000,000,000 of gold demands cannot be paid with \$4,400,000,000 of gold, which is the amount of gold in the United States. They cannot see that the enormous production of the United States cannot be consumed by 2 percent of the people who own more than 60 percent of the wealth, and they are depending upon the mills to open and commodities to be sold and the country to thrive, when 75 to 80 percent of the people have nothing on the living face of the earth with which they can buy anything so as to start the country back on the road to prosperity.

Mr. President, the thing which usually occurs in this country is what has occurred ever since time began. The Senator from Pennsylvania reminds me of the First Triumvirate of Rome. Times have not changed a bit. Human nature is just the same as it was 2,000 years ago. People do not change at all. It is the greatest fallacy on earth to think that people change.

Three men in Rome finally divided the world into three parts. Those three men were Caesar, Pompey, and Crassus. One of that triumvirate, Crassus, demanded that the natives of the province over which he ruled pay him in gold in order to get anything to eat. He demanded that his slaves pay him in gold in order to get anything to wear. Finally, when he had absorbed and amassed unto himself all the foodstuffs and all the wearing apparel of the empire and all the gold, he still would not let a single peasant have a thing to eat unless he could come up and pay him in gold, although he had all the gold himself. The common people finally broke in and melted the gold and poured it down his dad-gummed throat until he got enough of it. [Laughter in the galleries.]

Mr. LEWIS rose.



The PRESIDING OFFICER. The Senator from Louisiana will suspend. The Chair will repeat that a rule of the Senate forbids demonstrations in the galleries, and the next time that rule is trespassed upon the Chair will have the galleries cleared. The rules must be respected if visitors expect to occupy the galleries. The Senator will proceed.

Mr. LONG. Mr. President, I am not in the confidence of the President of the United States. I have not been consulted about his plans at any time or at any stage. I do not expect to be, and I am not offended by not being. I was one of the few who sought here a year and a half ago to do whatever was within our power to bring about an expansion of the power to purchase. I was one of the few who were described as iniquitous filibusters because we undertook to hold up the proceedings of the Congress—that is, we were charged with doing that, but we denied it. We were charged with holding up the proceedings of the Congress until we could compel the President of the United States and the administration to expand the currency and to put a purchasing power into the hands of the masses. We have kept up that fight as friends of the President of the United States, both of Mr. Hoover and of Mr. Roosevelt.

Mr. President, I was a friend of President Franklin D. Roosevelt when I stood on the floor of the Senate here less than 3 or 4 weeks ago and did what I did not want to do, and said that this deflation policy into which he was being led would be the ruin of the administration and of the country with it. Our great President, as quickly as he has had time to get the other tremendously important matters out of the way, has seen the light in this matter and he has come to the only sane and sound solution that a sensible, reasonable man can reach in an emergency of this kind.

If we go on with more banks closing; if we go on with the prices of commodities going down; if we go on with the farmer producing so much that we are living in the land of plenty, the foodstuffs piled so high that we cannot see the sun on account of it, and yet the man who produces it starves to death right in the shadow of that kind of a surplus; if we go on with the homes of the country being taken away from the poor people, and those poor people walking the streets today, with the houses still empty, because nobody can get money to rent them or to buy them; if we go on with so much cotton and so much wool in this country and people naked because they cannot get money with which to buy clothes—if we go on with that kind of a condition, the gold is not going to be worth anything to anyone who has it.

Why do we hold up our hands to the great god mammon? Why can we not take the great and valuable resources of this country and spread them among the people? Simply because the medium of exchange has reached such a point that it no longer accommodates the commerce of this country and of the world.

Mr. President, I assume that the Senator from Pennsylvania is satisfied as to the law on this question. I am sorry that he makes no further argument against it, if he has any, though I think there is no real argument against it.

Mr. President, in States all over the country the law fixed a fare of 2 cents on the railroads. There was such a law in Oklahoma, as I recall, and also in Georgia. In some cases a fare of 2 cents was prescribed by the constitutions of the States, and in other instances such a fare was fixed by contract. But lo and behold, 2-cent fares were wiped out. How were they wiped out? On the ground that Congress created the Interstate Commerce Commission and granted that Commission power to change the contracts made by the State governments with the railroads. Now, it is argued that we cannot empower another agency, the President of the United States, to do what we empowered the Interstate Commerce Commission to do. Why cannot the President of the United States be given the same power under the Constitution that was given to the Interstate Commerce Commission? If we had the right to give the Interstate Commerce Commission—and the Supreme Court of the United States said we had—the power to strike down all those contracts, to strike down agreements made with

States, if we had it within our right to empower the Interstate Commerce Commission to raise railroad fares from 2 cents per mile to 3 cents per mile and even to 3.6 cents per mile, then why have we not the right to empower the President of the United States to do at least as much as we gave the Interstate Commerce Commission the right to do?

The shoe is on the other foot; it is merely a case of whose ox is gored. The railroads and other interests came before the Supreme Court of the United States and said, "Oh, the gold dollar is worth only 60 cents, and the great, good Government will exercise its power of regulation to cancel those contracts"; and the great, good Government did exercise its power to cancel those contracts through the Interstate Commerce Commission. However, when we say that the gold dollar is worth \$1.80 and that if we had a right to raise its value in 1921 we have a right to devalue it and bring it down in 1933, they plead the sacred, fundamental right of contract. Why did they not plead that sacred and fundamental right of contract in 1921 when they were the beneficiaries of then existing conditions? They did not do it because they were bringing their dollar up from 60 cents to 100 cents. They come here now and plead the sacred right of contract because it is proposed to bring the dollar down from \$1.60 to \$1. Why did they not in 1921 plead that we did not have the right to give the Interstate Commerce Commission that authority, as they are coming here today in 1933 and pleading that we have not the right to give the President of the United States the authority? What is the difference whether we shall give the authority to the Interstate Commerce Commission or to the President of the United States? Congress authorizes whomsoever it wants to authorize, and its action has been held to be legal process.

Mr. President, I did not intend to address the Senate on this question. The Senator from Pennsylvania is evidently contenting himself with undertaking to stir up propaganda. The worst thing that could happen to the State of Pennsylvania, to the Senator from the State of Pennsylvania, and to the bondholders for whom he is pleading would be to win this fight. The worst thing that could happen to the bloated holders of money in this country today would be to win this fight against the people and President. One more such victory and there would not be anything left of them. The worst thing that could ever happen to them would be for them to be able to thwart the President of the United States in his announced policy of giving this country sufficient money to carry on its business, to put more purchasing power in the hands of the starving people, and to open up and liberalize conditions. The day big financial interests succeed in forestalling this necessary step of the Government will be the saddest day that they have ever seen; it will be a victory the consequence of which they will live to regret.

#### RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. PATTERSON. Mr. President, I send to the desk an amendment I intend to propose to the amendment intended to be proposed by the senior Senator from Oklahoma [Mr. THOMAS], which I ask to lie on the table and to be printed.

The PRESIDING OFFICER. Without objection, the proposed amendment will be received, printed, and will lie on the table.

Mr. GORE. I desire to offer at this time an amendment, which I had printed a few days since. I offer it as an additional section to the so-called "Wagner amendment".

The PRESIDING OFFICER. The Senator from Oklahoma offers an amendment to the amendment of the Senator from New York, which will be stated.

The CHIEF CLERK. At the proper place in the so-called "Wagner amendment" it is proposed to insert the following:

At the proper place insert the following:  
"SECTION 1. (a) The President is authorized to establish a National Board of Conciliation with respect to farm-mortgage indebtedness, which board shall consist of the Secretary of the Treasury, the Secretary of Agriculture, a member of the Federal



Reserve Board to be designated by the President for that purpose, and such other officer or agent of the Government as may be especially charged with the administration of any law or laws relating to rural credit or farm-mortgage indebtedness.

"(b) The President is authorized to appoint in each State a board of State conciliation consisting of not more than five members, who shall serve without pay.

"(c) It shall be the duty of said State board of conciliation to appoint or designate a suitable number of local boards of conciliation in their respective States.

"(d) It shall be the duty of such State and local boards of conciliation to bring about between farm mortgagors and mortgages an adjustment of farm-mortgage indebtedness wherever it may be found practical to do so either by a reduction in the principal of such mortgage indebtedness or in the rate of interest thereon and/or by the conversion of short-time loans into long-time loans with a provision of amortization payments and/or through an agreement between the mortgagor and the mortgagee under which payments could be made in staple farm products or the proceeds thereof at an agreed price or value more nearly related to the price or proceeds of a like quantity of such farm products at the date of the execution of such mortgage.

"(e) The National Board of Conciliation, with the approval of the President, is authorized to prescribe suitable rules and regulations to effectuate the purposes and objects of this section."

Mr. WAGNER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. GORE. I yield.

Mr. WAGNER. Mr. President, my own view was that we had constituted the Farm Loan Commissioner a negotiator and a conciliator, but the amendment may provide a more effective plan, and I am quite willing that the amendment shall at least be considered by the conferees on this bill.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. The Senator from Oklahoma has the floor. Does he yield to the Senator from Idaho?

Mr. GORE. I yield for a question.

Mr. BORAH. I was going to make a suggestion, but I will endeavor to put it in the form of a question. It seems to me that the amendment in principle is most excellent, but is it broad enough to include negotiations between those who hold the bonds of the farm-loan banks and the mortgagees?

Mr. GORE. I do not think it goes so far as that, but I am very much pleased to hear the Senator from New York [Mr. WAGNER] express a willingness that this amendment may be submitted to the conferees of the two Houses.

It is entirely permissive, it is in no sense mandatory, and it does not involve the expenditure of a single dollar. It simply places the sanction and the prestige of the United States back of a movement looking to the conciliation of debtors and creditors where farm mortgages are involved. I understand that the State of Illinois already has adopted and is pursuing a policy of this sort, and the Aetna Life Insurance Co., of Hartford, Conn., has adopted and is now pursuing a policy of this kind in several of the Western States. I had a conference with the vice president of that company a few days since, and he assured me that they are meeting at least with a measure of success.

Recently we passed a bankruptcy act. It was founded upon the Constitution; it was well within the powers of Congress. There are a great many people, however, who do not like to take advantage of a bankruptcy act. I think that is peculiarly true of the farmers. This amendment simply introduces a new principle, or a supplemental principle, under which farm mortgages may be adjusted if the parties in interest consent to such an arrangement.

Mr. SMITH. Mr. President, I should like to ask the Senator from Oklahoma a question. Under the terms of his amendment as I heard it read, proposing to set up boards of conciliation, reaching down to the communities, in the case of a mortgage in a Federal land bank as to which it was evident that there was reason why there should be a scaling down or a conciliation or a reconciliation between the creditor and debtor, would there be any restriction?

Mr. GORE. I feel, Mr. President, that the complication in respect to that point has resulted from the fact that the banks have issued bonds predicated really on the face value

of the mortgages, and to interfere with them I feel might rather erode—if I may use the word—the foundation upon which the bonds are predicated. If the plan could be worked out, it would be entirely acceptable to me, but I was rather fearful that it might undermine the financial set-up of the bank itself and involve the rights of creditors who were not participants in the conciliation.

Mr. SMITH. The Senator is perfectly aware of the fact that mortgages by the hundreds are being foreclosed by the Federal land banks and the land itself is not bringing the amount of mortgage. Many of the banks, including one that I personally know of, have under the law been forced to foreclose. When they foreclose, they cannot rent the land; they are paying taxes on it, and are at a dead expense. If that condition does not affect the bonds, why should there not be a conciliation between the bondholders and the bank officials looking to a cutting down of the debt to a point where the owner of the land might be able to keep up his interest and his amortization and his taxes? In that event, it seems to me, the basis upon which the bond is predicated would be stronger and sounder than it now is, because somebody has got to lose the money.

Mr. GORE. I appreciate the force of what the Senator says. The amendment offered by me is predicated on the fact that the value of these debts has largely vanished; that the value of the property back of these farm mortgages has largely vanished; the value is not there; it has shriveled and gone. My purpose was to bring the insurance companies and other mortgage concerns to recognize that fact and to base their action upon that fact. I think the sooner we recognize these facts, act upon them, and adapt ourselves to them, the sooner we will extricate ourselves from this difficulty. I have no objection to the proposal of the Senator from South Carolina, if it can be legally wrought into this proposal. Where foreclosures take place, of course, the proceedings are instituted in the courts in pursuance of law; judgments are based upon the laws of the several States and, while such proceedings are unfortunate, they are at least legal and sometimes unavoidable, so far as we are concerned.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. GORE. I yield.

Mr. BORAH. I repeat that I think this is a most excellent amendment, but I do not see why it would be difficult at all to include the farm land bank mortgages, for the reason that it is only necessary at most to secure the consent of the bondholders to the scaling down. If the bondholders should consent, the same condition would prevail with reference to the conciliation as would prevail between the insurance companies and the parties owing the mortgages.

Mr. GORE. The Senator from Idaho is a better lawyer than I am; and if he will prepare and offer the amendment, I should be glad to accept it, because it is well within the purview of my intention. I have no objection to it.

I agree with those who regard debts as the crux of our existing trouble. Debts constitute the center of gravity in this vicious situation. I have seen our aggregate national indebtedness estimated at as high a figure as \$180,000,000,000. Some 4 or 5 years ago it was estimated at \$203,000,000,000. Our aggregate indebtedness has shrunk by foreclosure and by payment down to an estimated \$180,000,000,000. It is a paradox that our people get into debt in good times and get out of debt in bad times. The most recent estimate I have seen of our general indebtedness is \$180,000,000,000, and about the same time I saw an estimate of our national wealth at the same figure, \$180,000,000,000, our national wealth having shrunk during the depression 50 percent, from \$360,000,000,000 down to \$180,000,000,000.

But that is not the worst. As I see it, the worst feature of the entire situation is the fact that debtors have to pay their debts once, twice, thrice, and even four times over. On the converse, the people who own the claims against the debtors have seen, without their connivance perhaps, the



value of their mortgages double, treble, and quadruple, not as the result of any act of their own or as a result of any contribution to the Nation's wealth. But this is the grim situation which confronts us. I think we have to trade ourselves out of this trouble; and if we can provide a life preserver that will assist in riding out the storm, I think we ought to do it.

Mr. BORAH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. GORE. I yield.

Mr. BORAH. May I suggest to the Senator from Oklahoma that on page 2 of his amendment, line 9, he insert the words "and all parties interested", so that it would read:

It shall be the duty of such State and local boards of conciliation to bring about between farm mortgagors and mortgagees and all parties interested an adjustment of farm-mortgage indebtedness—

And so forth. That would be broad enough to enable the conferees to work out more detailed language, so as to include the bondholders.

Mr. GORE. I am pleased to accept the modification.

Mr. WAGNER. Mr. President, I have not any doubt that that power exists now in the Farm Loan Commissioner under the terms of my substitute.

Mr. GORE. I agree with the judgment of the Senator from New York. He interprets the pending amendment offered by himself to involve the power. Perhaps it does. He thinks the power exists. I merely wish to make sure that it does. The Senator will appreciate the fact that the prestige which would attach to the boards of conciliation might give them authority and enable them to go even further than the provisions contained in the bill.

Mr. WAGNER. I agree with the Senator. I think it has the advantage of declaring the congressional policy. I certainly have no objection.

Mr. SMITH. Mr. President, will the Senator from Oklahoma allow me to ask the Senator from Idaho a question?

Mr. GORE. Certainly.

Mr. SMITH. Will the Senator from Idaho read his amendment again and tell me where it is to be inserted, because I am very anxious to have the Federal land banks included.

Mr. BORAH. I have prepared it since the matter was brought up on the floor, but my idea is to insert language which would make it possible, if necessary, to work it out in more detail in conference. On page 2, line 7, after the word "mortgagees", I would insert the words "and all parties interested", so that it would read:

It shall be the duty of such State and local boards of conciliation to bring about between farm mortgagors and mortgagees and all parties interested in the adjustment of farm-mortgage indebtedness—

And so forth.

Mr. SMITH. The object being to bring in the bondholder, too?

Mr. BORAH. Exactly. Does the Senator think that will accomplish the purpose?

Mr. SMITH. I believe so.

Mr. GORE. Mr. President, I have seen an estimate that only 15 percent of farm mortgages are really in distress. That may be too low. My wish is to bring an additional lifeboat to the rescue of those debtors who are in heavy weather. As I said, this supplements the Bankruptcy Act recently passed. I think, as far as it can be done with the voluntary consent of the debtor and the creditor, the scaling down of debts in this way may prove a more successful way of deflating debts than the inflation of currency and credit. It is rather difficult to calculate where we may come out when we embark upon such a policy of inflation.

Mr. President, I wish to make just one further statement. While I agree with those who insist that debts are the crux of the present trouble, I am not in entire agreement with those who insist that debts cannot be paid because there is insufficient money in existence. I do not think that is

the trouble. The trouble is the debtor cannot get hold of the money. What I want is to see wider and better markets for our farmers and for our farm produce. I think that what our farmers need is more markets and better markets, and not bigger debts and heavier debts. There is ample money in circulation if the farmers could get their hands on it. They would pay their debts if they had the money.

It may be of some importance to appreciate that point. In 1929, the year of the boom and the disaster, the total amount of payments in the United States aggregated \$1,200,000,000. At that time we had less than \$5,000,000,000 of money in circulation, and yet that small volume of money with a high degree of velocity liquidated \$1,200,000,000 of debt, or in other words, twelve hundred billion dollars of payments were made with less than \$5,000,000,000 of money in circulation.

Last year the payments dropped, I believe, as low as \$500,000,000. Last year we had more than \$5,000,000,000 of money in circulation. Last year with more money in circulation than we had in 1929 we made less than half the payments that were made in 1929. Last year with more than \$5,000,000,000 in circulation we made only \$500,000,000 of payments. Each dollar liquidated about \$100 of indebtedness if I compute it correctly.

Mr. SMITH. Mr. President, would not the Senator better use a different expression in order that the country at large may understand it? We had so much in existence, but not in circulation. We had so much money in existence, but it evidently was not in circulation.

Mr. GORE. My point is this, as the Senator will appreciate: I take the official statement of the Treasury Department for each year, 1932 and 1929. Whatever limitation belongs to the definition—and it is largely a matter of definition—attaches to the one year as to the other and they cancel each other. But at that point I was observing that last year \$1 liquidated about \$100 of indebtedness. I had not intended to embark upon this monetary discussion, but before I sit down I will tell the story of the clown and the circus, which is familiar to Senators no doubt, but I will repeat it for the RECORD.

The clown in the circus had 19 other men forming a circle with him in the circus ring. The clown turned to his neighbor on his left and remarked that he owed him \$2 and that he would make payment as soon as he could. The man to the clown's left made the same remark to his neighbor. That assurance went around the ring until the man on the right of the clown gave him a reassuring promise that he owed him \$2 and would make payment as soon as he could. At that point the clown happened to find a silver dollar in his pocket of which he was unaware. He turned to his neighbor on his left and said, "By the way, I will pay you half that I owe you now", and handed him the silver dollar. The same message went around the ring until the man on the clown's right made the statement to him and delivered the dollar. The clown thanked him, dropped the money in his pocket, and a moment later putting his hand in his pocket rediscovered the silver dollar. Turning to the man on his left he said, "By the way, I will pay you off in full. I have a dollar I did not know I had." The man on his left was as generous or as honest to his neighbor. The silver dollar once again made the circuit until the man on the clown's right delivered to him the silver dollar and paid him off in full; \$1 had paid \$40.

A very small volume of money with proper velocity can liquidate a great deal of indebtedness. What I want to do is to revive trade and revive business and enable farmers and others to get hold of the dollar with which to pay their debts. I profoundly believe that this may in the long run prove to be a more effective policy than mere inflation in order to scale down indebtedness. I respect the opinion of other Senators upon that point. The proposed amendment seems to be meeting with favor and I commend it to the consideration of Senators and trust it will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma



[Mr. GORE] to the amendment of the Senator from New York.

The amendment to the amendment was agreed to.

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment to which I ask the attention of the Senator from New York [Mr. WAGNER].

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 13, line 18, it is proposed to insert:

(c) Before any joint-stock land bank shall receive a loan as provided for in this section such bank shall enter into an agreement with the Farm Loan Commissioner (1) that such bank will pay, in purchasing its own outstanding farm-loan bonds paid for out of the proceeds of the loan, an amount not to exceed 100 percent of the amount which such holders may have paid for their bonds prior to April 17, 1933, plus interest on such amount at the rate of 5 percent per annum from the date of the purchase of such bonds by such holders, less the amount of any interest received by them on such bonds, but in no event to exceed the face value of such bonds, together with the accrued and unpaid interest thereon; and (2) that whenever any such bonds are so purchased by such bank at a price less than the amount of the face value of such bonds, together with accrued and unpaid interest thereon, the difference between such face value and interest and the amount paid for such bonds by the bank shall be credited pro rata to the borrowers from such bank in reduction on their loans outstanding at the time of such purchase: *Provided*, That such credit shall not be made until the profits on the bonds so purchased by the bank are sufficient to replace the amount by which its capital has been impaired.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota to the amendment of the Senator from New York.

The amendment to the amendment was agreed to.

Mr. SHIPSTEAD. Mr. President, I send to the desk another amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 4, line 9, before the period, it is proposed to insert a colon and the following:

*Provided further*, That in any case in which farm-loan bonds are exchanged for duly recorded first mortgages as herein provided in an amount equal to the amount of the unpaid principal of the mortgage on the date of such exchange, such bonds shall bear interest at a rate of 2 percent per annum.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota to the amendment of the Senator from New York.

Mr. WAGNER. Mr. President, I hope that amendment will not be adopted. It seems to me it would seriously affect the administration of the farm-land banks.

We have no assurance that we can sell these bonds for a 2-percent rate of interest; and I think that the way the measure now reads is a more flexible and more workable provision. I think this would be a very serious interference with the proper administration of the farm-land banks, and I hope the amendment will not be adopted.

Mr. SHIPSTEAD. Mr. President, I think the Senator from New York is laboring under a misapprehension as to the meaning of the amendment.

It is not intended that under this amendment, if it becomes a law, the 2-percent bonds shall be sold. The bill already provides that an exchange of bonds can be made for mortgages, either at a reappraised value or at face value. There is no limitation.

Mr. WAGNER. That simply would mean, if I may venture an opinion, that we will not get any scaling down of mortgages, because a bond with only 2-percent interest is not as valuable to a mortgagee as a similar type of bond would be with a 3- or a 3½-percent rate of interest. In other words, the lower the yield of the bond, the less scaling down of the mortgage will be accomplished. So I think this would just frustrate any efforts by the Farm Loan Commissioner to scale down the outstanding mortgages.

Mr. SHIPSTEAD. Under this amendment there would be no scaling down of the principal. The write-off on the debt would be in the income. Some people would rather save their capital at the expense of income. Others would rather

cut the capital and have a high rate of interest. Under this amendment it is not intended that there shall be a write-off of the principal if the man is given a 2-percent bond. The write-off is in the sacrifice of income.

There are two ways of writing down a debt of long-term standing: It can be done by writing down the principal and charging 6 percent interest on the remaining part of the principal, or the interest rate can be cut down to 2 percent and the principal saved, but making it possible to charge only 2¼- or 2½-percent interest on the mortgage.

Mr. WAGNER. In that event there would be no exchange of the bonds for mortgages at all, and I think the bill would become absolutely ineffective as an aid to the farmer.

While I know that the Senator has a very worthy purpose, I think the amendment should be rejected. I am not giving my own views about it. I have consulted with those who have knowledge superior to my own upon this subject; and while the intention is excellent, as all of the Senator's intentions are—

Mr. SHIPSTEAD. I thank the Senator.

Mr. WAGNER. They all feel that it will seriously interfere with the workability of the measure and will result in frustrating the efforts to scale down mortgages.

Mr. SHIPSTEAD. Does the Senator mean to say that he thinks that this loan agency would be justified in paying a farm mortgagee the face value of his mortgage with a 4-percent land-bank bond, guaranteed as to interest by the Federal Government and exempt from all taxes, under present conditions?

Mr. WAGNER. I do not know. I should have to know about the character of the mortgage before I could answer that question. I should have to know what part of the value of the property it represents. All these facts must be known. It is necessary to deal with these cases individually. They cannot be dealt with in bulk, and thus it is difficult to answer a question of that kind. There are some cases where undoubtedly a bond should not be exchanged unless there is a considerable scaling down of the principal.

Mr. SHIPSTEAD. I agree, unless the interest is reduced by one half.

Mr. WAGNER. There are other cases, perhaps, where we would be perfectly justified in giving a bond representing the face value of the mortgage. That is why we have to make this law more or less flexible. If we make it rigid, its application will be so restricted as not to bring about the benefits which we desire to bring about.

Mr. SHIPSTEAD. Mr. President, a great deal has been said about scaling down the mortgage to the present value. I wish someone would give us a yardstick by which to measure the present value. Is there anyone here who can say what a bond is worth today?

Mr. WAGNER. No; the Senator from Minnesota misunderstood me. I did not say the present value of the property, but the present value—

Mr. SHIPSTEAD. Of the mortgage?

Mr. WAGNER. Of the mortgage; yes.

Mr. SHIPSTEAD. The present value of the mortgage is determined by the present value of the property.

Mr. WAGNER. The face value of the mortgage. In a specific case, assume that an outstanding mortgage is for \$10,000. It is exchanged for bonds of the farm-land bank. The farm-land bank certainly would not exchange bonds unless there were a considerable scaling down of that mortgage, unless it represents a very small percentage of the value of the property.

Mr. SHIPSTEAD. The revaluation of the mortgage would have to depend on some basis of value for the property. What basis of value can one take in these days? What is the value of property?

Mr. WAGNER. The Farm Loan Commissioner has the right to make rules and regulations providing for the appraisal of property. He is well enough informed, he has had enough experience, to know what factors ought to enter into a determination of the value of farm properties in these days, when there is not any market for the sale of such properties. In other words, he determines the fair worth of the property.



Mr. SHIPSTEAD. Upon what basis—the market value?

Mr. WAGNER. No; not market value, of course.

Mr. SHIPSTEAD. Or the income of the property?

Mr. WAGNER. Fair worth. That can be ascertained.

Mr. SHIPSTEAD. It must be based on something.

Mr. WAGNER. Yes.

Mr. SHIPSTEAD. What can we figure as the fair worth of anything under the conditions that we are trying to remedy?

Mr. WAGNER. That is going to be the business of the Farm Loan Commissioner. I have not the knowledge necessary to prescribe rules and regulations for him; but undoubtedly, with his experience, he will be able to appraise these properties at their fair worth, which can be ascertained.

Mr. SHIPSTEAD. The Senator's modesty does him great justice. It shows that he is an honest man. I do not know where I can find an honest man who is willing to admit that he can appraise the value of a farm in these days, even to his own satisfaction, because there is no basis for value. If the Farm Loan Commissioner should fix a particular value today, or should establish a particular yardstick for the measurement of value today, next week that value or yardstick would be gone, because the price constantly goes down.

Mr. WAGNER. Will the Senator yield further?

Mr. SHIPSTEAD. Yes.

Mr. WAGNER. If that is so, there is no way of ascertaining the value of the farm land. Then the Farm Loan Commissioner cannot make any new loans, because he is restricted to loaning 50 percent of the value of the land and 20 percent of the value of the improvements. So that he must, under the law, ascertain the value as a basis for making a new loan.

Mr. SHIPSTEAD. Mr. President, I shall take only another minute to say that I think a more uniform write-off, a more uniform revaluation of these farm properties, could have been fixed if we had provided for taking these mortgages at face value and exchanging them for a 2-percent bond, guaranteed by the Government as to interest. In that way we would have some basis of valuation, and we would cut the farmer's carrying charges in two; and therefore he would, in fact, have a 50-percent reduction in his debt.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Minnesota [Mr. SHIPSTEAD] to the amendment of the Senator from New York.

Mr. GEORGE. May the amendment be stated?

The PRESIDING OFFICER. The amendment to the amendment will be stated for the information of the Senate.

The Chief Clerk restated the amendment to the amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Minnesota to the amendment of the Senator from New York.

The amendment to the amendment was rejected.

Mr. TRAMMELL. Mr. President, I desire to offer an amendment which I think will take only a very few moments.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 26, at the end of line 5, it is proposed to add a new section, as follows:

Sec. —. That in making loans to owners of groves and orchards, including citrus-fruit groves and other fruit groves and orchards, the Federal land banks, the farm-land banks, and all Government agencies making loans upon such character of property shall, in appraising the property offered as security, give a reasonable and fair valuation to the fruit trees located and growing upon said property and constituting a substantial part of its value.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. TRAMMELL] to the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on the amendment of the Senator from New York [Mr. WAGNER], as amended.

The amendment as amended was agreed to.

The amendment of the committee as amended was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, if it is in order, I submit the amendment which I send to the desk and which I ask to have printed.

The PRESIDING OFFICER. Without objection, the amendment submitted by the Senator from Oklahoma will be printed. The amendment will be read.

The CHIEF CLERK. On page 43, after line 5, the Senator from Oklahoma proposes to insert the following:

On page 43, after line 5, insert:

"PART 6: FINANCING—AND EXERCISING POWER CONFERRED BY SECTION 8 OF ARTICLE I OF THE CONSTITUTION: TO COIN MONEY AND TO REGULATE THE VALUE THEREOF

"SEC. 34. Whenever the President finds, upon investigation, that (1) the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currency of any other government or governments in relation to the present standard value of gold, or (2) action under this section is necessary in order to regulate and maintain the parity of currency issues of the United States, or (3) an economic emergency requires an expansion of credit, or (4) an expansion of credit is necessary to secure by international agreement a stabilization at proper levels of the currencies of various governments, the President is authorized, in his discretion—

"(a) To direct the Secretary of the Treasury to enter into agreements with the several Federal Reserve banks and with the Federal Reserve Board whereby the Federal Reserve Board will, and it is hereby authorized to, notwithstanding any provisions of law or rules and regulations to the contrary, permit such Reserve banks to agree that they will, (1) conduct, pursuant to existing law, throughout specified periods, open-market operations in obligations of the United States Government or corporations in which the United States is the majority stockholder, and (2) purchase directly and hold in portfolio for an agreed period or periods of time Treasury bills or other obligations of the United States Government in an aggregate sum of \$3,000,000,000 in addition to those they may then hold, unless prior to the termination of such period or periods the Secretary shall consent to their sale. No suspension of reserve requirements of the Federal Reserve banks, under the terms of section 11 (c) of the Federal Reserve Act, necessitated by reason of operations under this section, shall require the imposition of the graduated tax upon any deficiency in reserves as provided in said section 11 (c). Nor shall it require any automatic increase in the rates of interest or discount charged by any Federal Reserve bank, as otherwise specified in that section. The Federal Reserve Board, with the approval of the Secretary of the Treasury, may require the Federal Reserve banks to take such action as may be necessary, in the judgment of the board and of the Secretary of the Treasury, to prevent undue credit expansion.

"(b) If the Secretary, when directed by the President, is unable to secure the assent of the several Federal Reserve banks and the Federal Reserve Board to the agreements authorized in this section, or if operations under the above provisions prove to be inadequate to meet the purposes of this section, or if for any other reason additional measures are required in the judgment of the President to meet such purposes, then the President is authorized—

"(1) To direct the Secretary of the Treasury to cause to be issued in such amount or amounts as he may from time to time order, United States notes, as provided in the act entitled "An act to authorize the issue of United States notes and for the redemption of funding thereof and for funding the floating debt of the United States", approved February 25, 1862, and acts supplementary thereto and amendatory thereof, in the same size and of similar color to the Federal Reserve notes heretofore issued and in denominations of \$1, \$5, \$10, \$20, \$50, \$100, \$500, \$1,000, and \$10,000; but notes issued under this subsection shall be issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States: *Provided*, That when any such notes are used for such purpose the bond or other obligation so acquired or taken up shall be retired and canceled. Such notes shall be issued at such times and in such amounts as the President may approve but the aggregate amount of such notes outstanding at any time shall not exceed \$3,000,000,000. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, an amount sufficient to enable the Secretary of the Treasury to retire and cancel 4 percent annually of such outstanding notes, and the Secretary of the Treasury is hereby directed to retire and cancel annually 4 percent of such outstanding notes. Such notes and all other coins and currencies heretofore or hereafter coined or issued by or under the authority of the United States shall be legal tender for all debts, public and private.

"(2) By proclamation to fix the weight of the gold dollar in grains nine-tenths fine at an amount that he finds is necessary from his investigation to protect the foreign commerce of the United States against the adverse effect of depreciated foreign currencies, or in case the Government of the United States enters into an agreement with any government or governments under the terms of which the ratio between the value of gold and other currency issued by the United States and by any such government or governments is established, the President may fix the weight of the gold dollar in accordance with the ratio so agreed upon, and such gold dollar, the weight of which is so fixed, shall be the standard unit of value, and all forms of money



issued or coined by the United States shall be maintained at a parity with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity, but in no event shall the weight of the gold dollar be fixed so as to reduce its present weight by more than 50 percent.

"SEC. 35. The Secretary of the Treasury, with the approval of the President, is hereby authorized to make and promulgate rules and regulations covering any action taken or to be taken by the President under subsection (a) or (b) of section 34.

"SEC. 36. (a) The President of the United States is authorized to accept silver, in amounts not to exceed in the aggregate in value, in the United States currency \$100,000,000, in payment of the whole or any part of any amount of principal or interest due from any foreign government or governments on account of any indebtedness to our Government, such silver to be accepted at not to exceed the price of 50 cents an ounce. The authority of the President to accept silver as herein authorized shall be limited to a period of not to exceed 1 year from the passage of this act.

"(b) The silver bullion accepted and received under the provisions of this section shall be subject to the requirements of existing law and the regulations of the mint service governing the methods of determining the amount of pure silver contained, and the amount of the charges or deductions, if any, to be made; but such silver bullion shall not be counted as part of the silver bullion authorized or required to be purchased and coined under the provisions of existing law.

"(c) The silver accepted and received under the provisions of this section shall be deposited in the Treasury of the United States, to be held, used, and disposed of as in this section provided.

"(d) The President shall cause silver certificates to be issued in denominations of \$1, to the total number of dollars for which such silver was accepted in payment of debts. Such silver certificates shall be used by the Treasurer of the United States in payment of any obligations of the United States.

"(e) The silver so accepted and received under this section shall be coined into standard silver dollars and subsidiary coins sufficient, in the opinion of the Secretary of the Treasury, to meet any demands for redemption of such silver certificates issued under the provisions of this section, and such coins shall be retained in the Treasury for the payment of such certificates on demand. The silver so accepted and received under this section, except so much thereof as is coined under the provisions of this section, shall be held in the Treasury for the sole purpose of aiding in maintaining the parity of such certificates as provided in existing law. Any such certificates or reissued certificates, when presented at the Treasury, shall be redeemed in standard silver dollars, or in subsidiary silver coin, at the option of the holder of the certificates: *Provided*, That, in the redemption of such silver certificates issued under this section, not to exceed one third of the coin required for such redemption may, in the judgment of the Secretary of the Treasury, be made in subsidiary coins, the balance to be made in standard silver dollars.

"(f) When any silver certificates issued under the provisions of this section are redeemed or received into the Treasury from any source whatsoever, and belong to the United States, they shall not be retired, canceled, or destroyed, but shall be reissued and paid out again and kept in circulation; but nothing herein shall prevent the cancellation and destruction of mutilated certificates and the issue of other certificates of like denomination in their stead, as provided by law.

"(g) The Secretary of the Treasury is authorized to make rules and regulations for carrying out the provisions of this section.

"SEC. 37. Section 19 of the Federal Reserve Act, as amended, is amended by inserting immediately after paragraph (c) thereof the following new paragraph:

"Notwithstanding the foregoing provisions of this section, the Federal Reserve Board, upon the affirmative vote of not less than five of its members and with the approval of the President, may declare that an emergency exists by reason of credit expansion, and may by regulation during such emergency increase or decrease from time to time, in its discretion, the reserve balances required to be maintained against either demand or time deposits."

#### RECESS

Mr. SMITH. I move that the Senate take a recess until 12 o'clock Monday.

The motion was agreed to; and the Senate (at 2 o'clock and 48 minutes p.m.) took a recess until Monday, April 24, 1933, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES

SATURDAY, APRIL 22, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Thou who dwellest in the hearts of men—the memories of childhood and the adorations of manhood—unite in praise to Thee, whom we rejoice to call "our Father." We have been sheltered, protected, and loved by Thee, and we pray

that Thou mayest soften, chasten, and subdue us to gentleness and gratitude. Fill all hearts with happiness and peace, and may we walk in their power; allow us not to be burdened with fret, care, and brooding desire. Draw our lives, O Lord, nearer and nearer to Thee that we may know of the things that are higher, sweeter, and more precious. These are communion, fellowship, and intimate relationship with Thee, as a happy child is sure of his father at his side. "I will go with Thee all the way." We thank Thee for this heavenly promise made to us. Let divine guidance have fresh meaning and might in the duties of this day. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Vice President had appointed Mr. KING, Mr. WALSH, Mr. DUFFY, Mr. JOHNSON, and Mr. KEAN members of the joint select committee on the part of the Senate as provided for in House Concurrent Resolution 15, to investigate the wreck of the U.S.S. *Akron* and other Army and Navy dirigibles.

#### THE WAY TO PROSPERITY—EXTENSION OF REMARKS

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that I may be privileged to extend my remarks and incorporate therein some observations by the Clerk of the House of Representatives, Hon. South Trimble, and that they may be printed in 8-point type.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. HOWARD. Mr. Speaker, first acknowledging thankfully the gracious permission of the House to speak briefly on a subject of vast importance, I shall instantly say that the chief object of my presentation at this moment shall be to remove, insofar as I may, an erroneous impression which appears to have taken hold of the average American mind. So scientific and so cunning has been the propaganda by the international bankers, who have for so long controlled the financial policies of our own Government, that until very recent days the average citizen was just a bit ashamed to let the world know that he favored the free coinage of silver, or indeed that he favored any larger use of silver as money of the realm than at present provided by law.

I want to do my part to brush away that hideous error, and I feel that I can accomplish that good end no more certainly than by the aid of one here among us who has been regarded as having more real knowledge on the subject of bimetallism in general, and silver in particular, than any other person in the world. That authority is none other than Hon. South Trimble, the Clerk of our House of Representatives. Recently this distinguished scholar has written a remarkable article under caption, "The Way to Prosperity", which, by gracious privilege of the House, I now present in words and figures as follows:

#### THE WAY TO PROSPERITY

By Hon. South Trimble, Clerk of the House of Representatives

It seems to be the universal opinion that property and commodity prices must be reflated to just and equitable values before we start on the permanent road to prosperity. In my opinion the only remedy is to either revalue gold or remonetize silver. By cutting the gold dollar in two would double the amount of gold dollars. That would have the effect of doubling the value of commodities and property. By remonetizing silver at the ratio of 16 to 1 and making it a primary or basic money, a money of redemption the same as gold, would have approximately the same effect, as it would double the amount of basic or primary dollars.

Why should we for a moment consider the revaluation of gold in order to increase the volume of our basic money when the remonetization of silver will have the same practical result? The revaluation of gold would produce chaos in the business world, as we have billions of obligations, including all of our Government bonds, payable in gold dollars of the "present standard weight and fineness."

Why not repeal the law of '73, which demonetized silver, and make our own precious metal a basic money, a money of redemption on an equality with gold? The Western Hemisphere produces 84 percent of the silver of the world. The Eastern Hemisphere produces 75 percent of the gold.



In 1929, the peak production of silver in the history of the world, the United States alone produced twice as much silver as all of Europe, Asia, and Africa combined. But we, by law of our own making, destroyed its value as money, depriving it of free and unlimited coinage and full legal-tender privilege in the payment of all debts, both public and private (which it had always enjoyed from the foundation of the Government), and automatically making all of our Government obligations contracted before and during the Civil War, which were payable in coin, payable in gold. Four fifths of said obligations were held by European bankers. Thus the conspiracy to destroy silver by the international bankers, which doubled and trebled the purchasing power of our coin obligations held by them.

It is not my purpose now to discuss the general question involved in the proposition to remonetize silver by restoring it to the privileges it enjoyed from the foundation of our Government to 1873, at which time it was destroyed without the knowledge or consent of the American people. However, it is my honest conviction that if President Roosevelt were to come to Congress with a message to restore silver to its ancient place in our monetary system, Wall Street, the barometer of business, would immediately respond with rapidly advancing prices, hoarded money would come from hiding to be invested, realizing that the purchasing price of the dollar was going down and commodities and prices automatically going up.

If the remonetization of silver be the inestimable boon which its advocates claim it to be, it will enable us to realize it, but if, on the contrary, it shall prove to be an unmixed evil as its opponents assert, then we shall not have gone so far that we cannot retrace our steps without serious derangement of the business of the country. A fair trial and honest effort to solve the problem is all that reasonable men can or ought require.

We should consider this momentous question not from a political standpoint, but from a patriotic one. We must not forget that ever since the organization of our Government until 1873 silver dollars were a legal tender and recognized as the money of the country and up until 1873 the silver dollar was virtually at or above par with gold and would be so today only for the crime perpetrated by its fraudulent demonetization.

The chief argument of the gold monometallists, the single gold standard advocates, sponsored by the international bankers who are absolutely responsible for our present economic conditions, is that the advocates of bimetallism are fools, lunatics, idiots, repudiators, etc.

Now, in order to disabuse the mind of the great body of the American people who have been born since silver was demonetized, I am going to submit party platform planks and observations of a few of the great men of both political parties that have long since passed away.

The Democratic plank in 1884, Cleveland-Hendricks candidates, was:

"We believe in honest money, the gold and silver coinage of the Constitution, and a circulating medium convertible into such money without loss."

The Republican plank, Blaine and Logan candidates, was:

"We have always recommended the best money known to the civilized world; and we urge that efforts should be made to unite all commercial nations in the establishment of an international standard, which shall fix for all the relative value of gold and silver coinage."

In 1888 the Democratic platform, Cleveland and Thurman candidates—

"No financial plank."

The Republican plank, Harrison and Morton candidates, was:

"The Republican Party is in favor of the use of both gold and silver as money, and condemns the policy of the Democratic administration in its efforts to demonetize silver."

In 1892 the Democratic plank, Cleveland and Stevenson candidates, was:

"We denounce the Republican legislation known as the 'Sherman Act of 1890' as a cowardly makeshift, fraught with the possibilities of danger in the future which should make all of its supporters, as well as its author, anxious for its speedy repeal. We hold to the use of both gold and silver as the standard money of the country, and to the coinage of both gold and silver without discriminating against either metal or charge for mintage; but the dollar unit of coinage of both metals must be of equal intrinsic and exchangeable value \* \* \*"

The Republican plank, Harrison and Reid candidates, was:

"The American people, from tradition and interest, favor bimetalism, and the Republican Party demands the use of both gold and silver as standard money, with such restrictions and under such provisions, to be determined by legislation, as will secure the maintenance of the parity of values of the two metals \* \* \*"

It was in February 1891, at Toledo, Ohio, that President McKinley, then a Representative, in criticizing ex-President Cleveland's opposition to silver, said:

"During all these years at the head of the Government he was dishonoring one of our precious metals, one of our own great products, discrediting silver and enhancing the price of gold. He endeavored, even before his inauguration to office, to stop the coinage of silver dollars, and afterwards, and to the end of his administration, persistently used his power to that end. He was determined to contract the circulating medium and demonetize one of the terms of commerce, limit the volume of money among the people, make money scarce, and therefore dear."

"He would have increased the value of money and decreased the value of everything else—money the master, and everything else the servant. He was not thinking of the 'poor' then. He had left their side. He was not standing forth in their defense. Cheap coats, cheap labor, and dear money; the sponsor and promoter of these professing to stand guard over the poor and lowly. Was there ever more glaring inconsistency or reckless assumption? He believes that poverty is a blessing to be promoted and encouraged, and that a shrinkage in the value of everything but money is a national benediction."

"During all these years a conflict between silver and gold (which is, in fact, the struggle of the great common people against the Money Trust) the Democratic Party has, until this act, professed to desire the full restoration of silver as 'standard money.'"

In 1890 President McKinley declared on the floor of the House:

"I would give it (silver) equal credit and honor with gold; I would make no discrimination; I would utilize both metals as money and discredit neither; I want the double standard."

When Mr. Harrison wrote his letter of acceptance September 3, 1888, he said:

"The resolution of the convention in favor of bimetalism declares, I think, the true and necessary condition of a movement that has upon these lines my cordial adherence and support. I am thoroughly convinced that the free coinage of silver at such a ratio to gold as will maintain the equality in their commercial uses of the two coined dollars would conduce to the prosperity of all the great producing and commercial nations of the world."

Quotation from Mr. Garfield's inaugural address of March 4, 1881:

"By the experience of commercial nations in all ages it has been found that gold and silver afford the only safe foundation for a monetary system."

Hon. Daniel Webster's opinion on the Nation's monetary system:

"I am certainly of the opinion that gold and silver, at rates fixed by Congress, constitute the legal standard of value in this country, and that neither Congress nor any State has authority to establish any other standard or to displace this standard."

Hon. James G. Blaine, from the floor of the Senate, February 7, 1878:

"I believe the struggle now going on in this country and in other countries for a single gold standard would, if successful, produce wide-spread disaster in the end throughout the commercial world. The destruction of silver as money and establishing gold as the sole unit of value must have a ruinous effect on all forms of property except those investments which yield a fixed return in money."

Hon. John G. Carlisle, on February 21, 1878, House of Representatives:

"According to my view of the subject, the conspiracy which seems to have been formed here and in Europe to destroy by legislation and otherwise from three sevenths to one half of the metallic money of the world is the most gigantic crime of this or any other age."

"The consummation of such a scheme would ultimately entail more misery upon the human race than all the wars, pestilences, and famines that ever occurred in the history of the world."

Excerpt of letter from Thomas Jefferson to Alexander Hamilton, January 1791 (Hamilton's Works, vol. 4, p. 96):

"DEAR SIR: I return you the Report on the Mint, which I have read over with a great deal of satisfaction. I concur with you in thinking that the unit must stand on both metals."

Excerpt from Alexander Hamilton's communication relating to our first monetary system, submitted to Congress in 1791:

"To annul the use of either gold or silver as a money is to abridge the quantity of circulating medium, and is liable to all the objections which arise from the comparison of the benefits of a full circulation with the evil of a scanty circulation. \* \* \* It seems most advisable not to attach the unit exclusively to either of the metals, because this cannot be done effectually without destroying the office and character of one of them as money and reducing it to the situation of mere merchandise. \* \* \*"

Mr. Hamilton wisely concludes that this reduction of either of the metals to mere merchandise "would probably be a greater evil than occasional variations in the unit from the fluctuations in the relative value of the metals."

The gold standard has bankrupt the world. Strictly speaking, nearly all major nations of the world have been forced off the single gold standard (gold monometallism) and let us hope for the sake of mankind they will never return. The predictions made by those two great men, Carlisle, Blaine, and scores of other statesmen confront us. For the great army of farmers, mechanics, laborers, and merchants who have been reduced to bankruptcy, hunger, rags, and wretchedness by the operation of the single gold standard manipulated by avaricious, greedy, grasping capitalists, there is no remedy. To those who yet stagger under the load thus laid upon them, speedy relief can and should be given. Nature was never more bountiful, the earth never yielded more abundant harvest, human hands were never more willing. What then has produced the present state of affairs? The advocates of the gold standard may avow that it is not responsible for getting us into our present deplorable condition but there is one thing certain, they cannot say that it has done anything to get us out.

The monetary system of a nation is the cornerstone of the foundation upon which the government rests. Broadly speaking, money is a medium of exchange and is as necessary to commerce



and civilization as air and water is to animal life. You can live longer without money than you can without air and water, but you cannot be part of civilization.

When the Government permits a small class of men who deal in money for profit to dictate its monetary system it may be expected to end in the money dealers owning and controlling practically all the money, thereby controlling credit, inflating and deflating the price of property and commodity prices at will.

All money is a medium of exchange, but, strictly speaking, nothing is real money except that commodity or commodities which the Government designates by law to be money. After a nation has fixed what its money shall be it then issues different forms of credit money, all of which is directly or indirectly redeemable in the commodity money to which a fixed and stable value has been given.

This is done for convenience—it facilitates the transaction of business, just as your wheat, cotton, and so forth, certificates facilitate the buying and selling of these commodities but has no effect on the volume and value of the commodity.

There are two kinds of credit money, as to the material out of which they are made—one is made on paper and embraces all forms of Government and bank notes issued from time to time as are authorized by law; the other is token money. Token money is made from some metal that does not enjoy free coinage but is redeemable either directly or indirectly in primary, basic, or commodity money which in this country is only gold.

With so much paper or metallic credit money in your possession there is supposed to be that much redemption money to your credit with the Government. It is a check to bearer for commodity money (gold) when presented. We thus see that money primarily is a commodity property, a thing of value possessing an exchange value with all other property.

It is absolutely imperative that you should understand the distinction between actual money and credit money, as no just comprehension of our monetary system as a science can be had without it.

I am herewith appending some statistical deductions from the 1932 report of the Director of the Mint, which will be valuable to those interested in the bimetallic system of money:

"At the Christian era the metallic money of the Roman Empire amounted to \$1,800,000,000. By the end of the fifteenth century it had shrunk to \$200,000,000. (Dr. Adam Smith informs us that in 1455 the price of wheat in England was 2 pence per bushel.) Population dwindled, and commerce, arts, wealth, and freedom all disappeared. The people were reduced by poverty and misery to the most degraded conditions of serfdom and slavery. The disintegration of society was almost complete. History records no such disastrous transition as that from the Roman Empire to the Dark Ages. The discovery of the New World by Columbus restored the volume of precious metals, brought with it rising prices, enabled society to reunite its shattered links, shake off the shackles of feudalism, and to relight and uplift the almost extinguished torch of civilization." (Report U.S. Monetary Commission of 1878.)

#### STATISTICAL DEDUCTIONS FROM REPORT OF UNITED STATES MINT FOR 1932

Production of silver in United States from 1792 to July 1, 1834, insignificant. From July 1, 1834, including 1847, 309,500 fine ounces—commercial value, \$404,500.

Gold produced in United States from 1792 up to and including 1847, 1,187,170 fine ounces—value, \$24,537,000.

Silver produced in United States from 1848 to and including 1872, 118,568,200 fine ounces—commercial value, \$157,749,900.

Gold produced in United States from 1848 to and including 1872, 58,279,778 fine ounces—commercial value, \$1,204,750,000.

Silver produced in United States from 1872 to and including 1931, 3,079,337,904 fine ounces—commercial value, \$2,355,641,511.

Net loss to United States producers of silver due to demonetization, figuring ratio 16 to 1, \$1,625,604,165.

Gold produced in United States from 1872 to and including 1931, 164,410,045 fine ounces—commercial value, \$3,398,655,300.

Annual report of mint, 1932. Price of silver bullion on London market, 925 fine—

	Per ounce
1919	125
1920	134
New York market, 1,000 fine—	
1919	138
1920	137.83

#### STATISTICAL DEDUCTIONS FROM REPORTS OF UNITED STATES MINT FOR 1930, 1931, AND 1932

The total production of gold and silver in the world for the years 1928, 1929, 1930, and 1931, is as follows:

	Fine ounces
Total gold	82,291,368
Total silver	960,313,580

During the same period the Western Hemisphere produced of this total:

Gold, 22,032,667 fine ounces, 26.77 percent of total world production.

Silver, 810,055,614 fine ounces, 84.35 percent of total world production.

The figures given for 1931 in report of mint for 1932 are marked "subject to revision", but no doubt are accurate enough for all practical purposes.

Production of silver and gold in the world since the discovery of America:

Fine ounces gold	1,084,835,651
Fine ounces silver	15,170,272,102

Production ratio 13.98 to 1.

Total commercial valuation of gold, \$22,413,757,117.

Total commercial valuation of silver, \$19,195,587,185.

Total value of silver dollars of 371¼ grains, \$19,613,644,800.

#### Silver coined from 1793 to 1873 by U.S. Mint

Silver dollars	\$8,031,238.00
Half dollars	100,541,253.00
Quarters	22,288,021.50
Dimes	9,242,079.20
Half dimes	4,880,219.40
3-cent piece	1,282,087.20

Total silver coined from 1793 to 1873—146,264,898.30

Silver dollars coined in 1871—1,117,136.00

Silver dollars coined in 1872—1,118,600.00

More silver dollars coined in these 2 years than in any previous 4 years in the United States history.

#### Gold coined from 1793 to 1873 by U.S. Mint

Double eagles	\$680,466,000.00
Eagles	55,656,940.00
Half eagles	68,889,385.00
3 dollars	1,169,883.00
Quarter eagles	26,750,302.50
Dollars	19,181,927.00

Total, 1793-1873—852,114,437.50

There was not a single gold-dollar piece coined by the United States Mint until 1849, 57 years after we established a mint (1792) and there has not been a single commercial gold dollar coined since 1899, 44 years.

Prior to 1687 the value of fine silver was \$1.38 per ounce, equivalent to a ratio of 15 to 1. From 1687 to 1873 the commercial ratio ran from 14.14 to 16.25. From 1873 to 1931 the commercial ratio ran from 15.93 to 71.25. From 1834 to 1873 there never was a minute that silver was not a premium over gold.

In other words, in 1873, before silver was demonetized, you could sell 15.93 ounces of silver and buy 1 ounce of gold, while in 1931 you would have to sell 71.25 ounces of silver to buy 1 ounce of gold as a result of demonetization. Demonetization means destroying silver's use as a commodity or basic money.

Mr. HOWARD. Mr. Speaker, I am abundantly persuaded that a careful reading of the facts and figures presented by South Trimble will carry any hitherto cowardly citizen quickly away from the door of cowardice and make him bold to declare proudly his firm belief that the instant need of our Republic in this hour is the remonetization of silver.

Let me further suggest to my every colleague who has been receiving, as am I, constant requests from his constituents with reference to the great silver problem that it might be well to answer such requests by quickly transmitting to any inquiring constituent a copy of the unanswerable argument made by South Trimble in behalf of silver and its larger use as money in our America.

#### EXPANSION OF THE CURRENCY

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, I have no intention of objecting to the request of the gentleman from Mississippi; but we are anxious to begin the consideration of the Muscle Shoals bill and I shall feel compelled to object to any other requests.

Mr. SNELL. Mr. Speaker, reserving the right to object, we do not know what the gentleman is going to talk about and someone may want to answer him. If the gentleman is going to take that position, I shall have to object to the request because we may want 10 minutes on this side to answer the gentleman.

Mr. O'CONNOR. I shall not object to one additional speaker—

Mr. SNELL. Or two, if necessary.

Mr. O'CONNOR. Or two, if necessary, provided they do not consume more than 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, on yesterday certain alleged leaders of the Republican Party issued a statement attacking President Roosevelt's program of currency expansion, as incorporated in the amendment offered by Senator Thomas,



and the bill which I introduced in the House on yesterday (H.R. 5158).

Their statement is one of the most consummate pieces of Republican duplicity with which that discredited group has attempted to deceive the American people for many a day. They were aided and abetted by Andrew W. Mellon and Ogden Mills, the two men most responsible for the deplorable condition of this country today. [Applause.] They wrecked the administration of President Hoover. They are now undertaking to wreck the administration of President Roosevelt. From the standpoint of the welfare of the great masses of the American people they ought to be characterized as public enemy no. 1 and public enemy no. 2. [Applause.]

They are now in this Capitol lobbying against the greatest step for relief of humanity that has ever been taken by a President of the United States in times of peace. [Applause.]

If I were a painter, with the genius of Rembrandt, and desired to transmit in living lines to the generations yet to come a true picture of the Hoover administration I would take my suggestion from an expression once used with reference to Robespierre, and I would draw a picture of cynical old Andrew Mellon squeezing a human heart over a wine-glass, with Ogden L. Mills holding the glass and the administration looking on with smug complacency. That is the picture that should be passed on down to the generations yet to come, as a solemn warning never again to turn this Government over to the subservient representatives of the money changers of Wall Street. [Applause.]

Let us see what they say in this statement. In the first place, they say that "half of this money is secured by paper and the other half is just paper." If they know anything about finances, everyone knows that this statement is untrue.

Every dollar of the money proposed to be issued under this plan is just as good as any other American dollar outstanding today. The money issued under section 1 is in accordance with the Federal Reserve Act and is on parity with money issued under the Federal Reserve System.

The money issued under section 2 is issued under the same law employed by Abraham Lincoln during the Civil War, who expanded the currency then over the protest of certain money changers of the country and helped to finance that great conflict. Every dollar of this money under the Gold Standard Act of 1900 is worth 100 cents on the dollar. It is interchangeable with every other kind of money we have. It is backed by every ounce of gold, every ounce of silver, every penny of wealth, and all the credit of the United States. Yet they come in and tell you that it is "flat money." Ogden Mills knows better than that, though some of the other gentlemen may not.

But they say that "if it does take", it will probably cause prices to rise "because of a lack of confidence." Is not that logic? My God, if lack of confidence would cause prices to rise in America, the lack of confidence in the Hoover administration would have created the greatest boom of all times. [Laughter and applause.]

But listen to this—oh, listen to this. They say, "This bill may well constitute the first step on the road to ruin." In the name of all the gods at once, where have they been since 1929? The first step on the road to ruin! Do they mean the first step retracing the "road to ruin" that we have traveled for the last 4 years?

Why, look back for the last 4 years at that "road to ruin" and what do you see? You see failures, foreclosures, bankruptcies, and disasters on every hand. You see farmers driven from their homes, mortgages foreclosed, lands sold to pay their taxes; you see ragged and distressed laborers tramping the streets or crowding the bread lines of the towns and cities; you see hungry men, women, and children from the best families of America begging their bread from door to door, while crimson splotches of suicide mark the mileposts along that "road to ruin" that we have been traveling since 1929. Yet, Mr. BERT SNELL and Mr. ROBERT LUCE, Senator DAVE REED and Senator WALCOTT say that we are about to "take the first step on the road to ruin"!

Let us see what is said further. They go on to ask further, "Who will be injured by it?" and they say it will be the "wage earner." Twelve millions of these wage earners are out of employment. This expansion of the currency will bring back commodity prices, restore the purchasing power of the American farmer, which will enable him to pay his debts, and the interest upon his mortgage, and to buy manufactured articles, to feed, clothe, and equip his family. That will start the wheels of industry to turning, and make work for the unemployed. Then your bread lines will immediately disappear. It will benefit, and not injure, the wage earners. Your railways will begin to carry freight instead of empty box cars, and there will break over this distressed land a new day of progress and prosperity the like of which we have not seen for many a day. Yet they say this will injure the wage earners, those 12,000,000 men who have not drawn a penny of wages for 4 years!

Then they mention the "salaried class." Every salaried man and woman in America, from the President down, is having his salary rapidly reduced at present because of this depression, and it is going to be further reduced, if not wiped out, unless this expansion program is put into effect.

Next, they mention the man with a "fixed income." Aye, there is the rub! He is the real individual they are interested in. Did you know that all these billions of Government bonds have been gathered into the hands of those who have made their fortunes out of the tariff and those who have made their millions out of the war, out of the blood and tears of the suffering men, women, and children of the world? They have "fixed incomes", and do not want any expansion, which will bring the other man's wages or commodities up and bring their dollars down. There is the class that Mr. Mills and Mr. Mellon represent. They are the ones who are opposing any currency expansion at this time.

Then, listen to this. They say "last, but not least", the person who will be disastrously affected will be the "farmer." Don't you know the farmers feel flattered to have that bunch mention them in that way, down at the tail of the list? [Laughter.]

Then they go on and talk about the interest that the German farmer has to pay as a result of expansion in Germany. Mr. Speaker, the American farmer is paying today 30 percent interest, based on the price of his commodities at the time those debts were made. Since his commodities bring only about one fourth or one fifth of what they did when his debts were made, his interest rate has been increased four or five hundred percent.

No, Mr. Speaker; the farmer will be the first man to benefit, and when he does all the rest of you will benefit.

Mr. BYRNS. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. BYRNS. What does the gentleman think of the wisdom and Americanism of their issuing such a statement at a time when a return to confidence is so very important?

Mr. RANKIN. Mr. Speaker, at the time that statement was issued there was opening up in this city a series of the most important economic conferences ever held in the history of mankind, and to make such a statement in the face of that condition, in my opinion—well, if we Democrats had made it under similar circumstances while Mr. Hoover was President or while Mr. Coolidge was President they would have said that it smacked of disloyalty to the American people and to the American Government.

They go on to say that "prices may rise." They know that prices are going to rise, and they are rising now, in spite of this opposition. They say that prices may rise, but that they will rise "as a result of fear, not of confidence." Fear of what? Fear that the Republican administration will come back into power? If that is what they are afraid of, they may dismiss it, because we are going to put this program through, and we are going to do it in the next few days. [Applause.] And when we do it we are going to rescue the American people from this terrible panic and start our country out upon a new path, a new era, a new day of happiness, progress, and prosperity.



Mr. Speaker, if this measure is passed and its provisions fully carried out, it will mark the turning point in the history of our civilization. It will bring order out of chaos, hope out of despair, prosperity out of panic, and will write the name of Franklin D. Roosevelt among the immortals of the ages. [Applause.]

Mr. SNELL. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. SNELL. Mr. Speaker, the gentleman from Mississippi [Mr. RANKIN], from his standpoint, has made a logical argument on the statement that was put out in the newspapers yesterday, but fortunately not all of us agree with him on this subject. I think probably I am as much responsible for the statement he has been criticizing as any other man connected with it, and I do not apologize for a single word in it. I take the responsibility for it, both as a Member of the House of Representatives and as an American citizen. [Applause on Republican side.]

The gentleman said that the statement was aided and abetted by Mr. Mellon and Mr. Mills. I will say that as far as I am personally concerned I have never seen Mr. Mellon nor heard from him since he resigned as Secretary of the Treasury. It was also reported by some paper that Mr. Hoover was probably responsible for the statement. I will say that I never have heard from or seen him since he left Washington on the 4th of March.

Now, in regard to Mr. Mills' connection with that statement, I will say that I invited him to my office to discuss this subject yesterday morning, and I do not apologize for that either, for Mr. Mills is a man with some definite knowledge and experience on these matters and knows more about them than any man connected with the present administration; and the only difference between the Treasury Department under the present control and the Treasury when Mr. Mills presided over it is that it has all the weaknesses surrounded by all the same influences that it had, but it does not have one half the strength, character, and ability that it had when Mr. Mills presided over that Department. [Applause.]

You know, I thought that the Democrats would find some new argument to present to the House, without attacking Mr. Mellon and Mr. Mills when they both ceased to be a part of the Government; but from the fact that they are two such strong individuals, such outstanding characters in every respect, you just cannot get away from the old habit of trying to attack them. Why, they are not to blame because they have more brains and ability than anyone in the Democratic Party, and the more you attack them the stronger you make them.

The gentleman from Mississippi spoke about the wealth and the corporate connections of these gentlemen. I wonder if he has ever looked up the history and corporate connections of the present Secretary of the Treasury. I think you will find that he has just as many corporate connections, or has had, as any man that ever occupied that position in recent years. I wonder if you will want to investigate him for that reason?

The gentleman spoke about the banks. Perhaps under the Republican administration some of the banks were closed, but we were never as successful as the Democrats in closing all of them at the same time. [Laughter and applause.]

Mr. RANKIN. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. RANKIN. If you Republicans continue the opposition to the currency legislation, you are likely to succeed in closing the rest of them.

Mr. SNELL. Thank the gentleman for the suggestion; but, of course, he and I disagree on that issue. My idea in putting out the statement yesterday—

Mr. BULWINKLE. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. BULWINKLE. I am wondering if it is true that Mr. Mills advised Mr. Hoover before the 4th of March to take the same step that Mr. Roosevelt did.

Mr. SNELL. I cannot answer the question, but I think I am safe in saying that the present Secretary of the Treasury wanted President Hoover to close them and President Hoover refused.

Mr. BULWINKLE. Nearly all the banks were closed before the 4th of March.

Mr. SNELL. They were not all closed by direct authorization of the President of the United States; that is absolutely sure.

Mr. BULWINKLE. They were closed by the Republican panic.

Mr. SNELL. Well, I suppose you are willing to give us full credit for that, but nothing else; but the Republicans never succeeded in closing them all at one time, that is certainly true, and I will give you the credit for that, if it is anything to be proud of.

Mr. O'CONNOR. Will the gentleman yield?

Mr. SNELL. I cannot yield now. After I get through, I will yield as long as you want to keep me here. Our position is that we are absolutely opposed to what is fiat money, and if the proposed amendment does not issue money that is pure greenback money, I am frank to say that I do not know what greenback money is. And to prove that assertion, you will find in the bill a reference to the fact that this money is to be issued under the old greenback law of 1862. That is proof in itself and all that it is necessary to say about it. There is not a single thing back of this proposed money, only agreement to pay; every man who thinks and knows anything about it knows there is not, and I doubt, after careful consideration, if any man will say there is.

Mr. RANKIN. Will the gentleman yield?

Mr. SNELL. I should like to go on for a few moments, and then I will yield as long as you want me to.

The Democratic platform states that you stand for sound currency. Every statement made by the present President says he is for sound currency and not for greenback currency; at least that is the impression he wants to convey to the country, yet he is backing every kind of inflation in this measure ever presented by the wildest inflationists.

We also oppose section 3 of this bill because it is absolutely contrary to the Constitution of the United States. Let me read just what the Constitution provides in regard to that matter. Section 8 of the Constitution vests in Congress—

The power to coin money, regulate the value thereof, and of foreign coin, and fix the standards of weights and measures.

This is the first time that I know of that any President has ever asked us to violate the Constitution in respect to money and money values.

Mr. RANKIN. Will the gentleman yield on that point?

Mr. SNELL. Yes. To satisfy the gentleman, I will yield.

Mr. RANKIN. The same question was raised on the tariff bill when the President was given power under the flexible provision of the Tariff Act, and it was held that where a limit was fixed it did not violate that clause of the Constitution which the gentleman has just read. This has been gone into carefully by the leading lawyers of the country, and they held that this authority, with that limitation, is constitutional.

Mr. SNELL. This is an entirely different proposition from the tariff proposition. Certain power was given to the President under the tariff law to act as the result of a determination by a body set up by Congress to make that determination. That was the reason we gave authority to the President to raise or lower 50 percent, as a direct result of a determination and recommendation made by the Tariff Commission. This is an entirely different question that we have before us at the present time. Here you propose to give him power over money matters delegated to Congress, without any restrictions whatever, and it is clearly unconstitutional.



It has been stated that it was necessary to do this to prohibit Congress from doing something worse; or, if those are not the exact words, that is the impression that has been given to the country by the Democratic administration. I do not know where anyone gets any basis for that kind of a statement.

I want to say, if there is any new method of inflation that is not taken care of in the present amendment, I should like to have somebody tell me what it is. The only methods of inflation that have been spoken of have been by issuing fiat money, by coinage of silver, and by the devaluation of the gold dollar. Every single method that has ever been suggested is provided for in this legislation. If you can tell me there is anything in that to prohibit Congress from doing something, I want somebody to state it.

I maintain that we appreciate the fact that there should be some increase in commodity prices, but from my standpoint, from the standpoint of the thinking people of this country, I do not believe that under the present conditions in this country we must repudiate our present currency and start on printing-press currency just to accomplish that result. I do not want to burn down the whole house to remedy some slight defect in the structure. And I, for one, am willing to take responsibility for that statement as far as it goes along that line. [Applause.]

The SPEAKER. The time of the gentleman from New York [Mr. SNELL] has expired.

#### MEETING OF COMMITTEE ON LABOR

Mr. CONNERY. Mr. Speaker, I ask unanimous consent that the Committee on Labor may have permission to meet during the sessions of the House, to hold hearings on the 6-hour day and 5-day week.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. CONNERY]?

There was no objection.

#### MUSCLE SHOALS

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 111.

The Clerk read as follows:

#### House Resolution 111

*Resolved*, That immediately upon adoption of this resolution the House shall proceed to the consideration of H.R. 5081, and all points of order against said bill shall be considered as waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 6 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Military Affairs, it shall be in order for the chairman of the Committee on Military Affairs by direction of that committee to offer amendments to any part of the bill. If there be no such amendments offered by the Chairman of the Committee on Military Affairs, then the previous question shall be considered as ordered on the bill to final passage without intervening motion except one motion to recommit.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY], to be distributed as the gentleman sees fit.

I now yield 8 minutes to the Chairman of the Rules Committee, the gentleman from North Carolina [Mr. POW].

Mr. POW. Mr. Speaker, this special rule no. 111 brings before the House the bill providing for the operation of the great Muscle Shoals property. This question has engaged the attention of Congress at one time and another since 1916. The Nation's investment in Muscle Shoals approximates \$150,000,000. There is electric energy going to waste annually, amounting to approximately \$2,500,000. It seems it is about time that some action should be taken with respect to this great Government property.

The Rules Committee has reported out the special rule, which gives 6 hours of general debate. It provides that only amendments can be offered by authority of the committee having charge of the measure, and for that restriction we have no apology to make. It is the purpose of the Committee on Rules, as far as we can, to provide restrictions whereby members of this Committee on Military Affairs, working in harmony with the administration, shall keep absolute control of this measure on the floor of the House. Of course, Mr. Speaker, I suppose we shall have the usual number of wise cracks that this measure is in response to

another order from the White House, and that gentlemen who are supporting it are no more than rubber stamps, carrying out orders from the administration. Mr. Speaker, I do honestly believe the President has consecrated every faculty of his mind, soul, and heart to the great task of leading this Nation out of the slough of despondency in which we have been floundering for the last 3 years. I gladly follow his lead. Proudly, to the extent of my ability, I shall hold up his hands, because I have read in the market reports that during the last 30 days, approximately, there has been an increase in the price of cotton, in which my people are so largely interested, of \$8 per bale, and an increase in the market price of wheat of about 20 cents a bushel. Of course the friends of the administration do not claim sole credit for all of this advance, but we do say it has been brought to pass largely because of the great program that this man has mapped out, and we propose to hold up his hands in carrying out the program he has announced. If the charge is made that to aid in carrying out his program, which has already succeeded to such an extent, one must be a rubber stamp, then I myself proudly plead guilty. So, Mr. Speaker, we have provided that this bill shall have ample time for discussion.

But we have protected it against amendments intended only to embarrass. I think it can be said safely that it is but part of the administration program and the majority members of the Rules Committee felt we were responding to an overwhelming sentiment of the House when this special rule was reported out. [Applause.]

Mr. Speaker, I reserve the remainder of my time.

Mr. RANSLEY. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, this rule, if adopted, will bring before the House what is known as the Muscle Shoals bill. Men who know nothing about business are today making an assault on the great power and fertilizer companies of our country. Many who had investments in railroads shifted their investment to power companies, believing they were less open to attack by the Congress. There are many thousands who own less than 50 shares of electric power or fertilizer companies stock, and in their name I ask you to carefully consider this bill; it is the entering wedge. Continue along these lines and you will have a socialistic government, destroying the initiative that has made this country great. If you pass the bill you will spend 30 millions for the development of Cove Creek, and more than 40 millions alone for transmission lines to serve the people and industry who are already served by existing companies.

The construction of Cove Creek Dam should not be undertaken until there is a demand for more power from that section of the country; the existing power companies in that part of the country are today able to produce more power than can be consumed by any business development in the next 10 years.

This bill will not only cause the Government to expend millions, but, like every Government operation, will not pay for itself. It is squarely the issue of Government ownership and operation of power and fertilizer business as a major operation, and must of necessity increase taxes.

Many who know nothing about business, instead of working to reduce taxes in our cities, States, and Nation are interfering with business and apparently are doing all in their power to destroy income. We should work to reduce taxation. This bill will have the opposite effect. Taxes are five times as high as they were 15 years ago. They are higher this year than last, and at least every fourth dollar of income goes to the tax collector. The story that taxes are paid by the rich is a lie and has caused the uninformed to vote for bond issues, causing cities and States to almost reach bankruptcy. Are we in the Nation to do what many municipalities have foolishly done?

The Alabama Power Co.'s stock is held by people in every county in the State of Alabama; the average is 16½ shares, but savings banks and insurance companies are also holders. The company has 3,609 miles of transmission lines, which are load lines; the distributing lines are 3,848 miles. The production of power is only 70 percent in use. There are over 1,800 men employed. In 1932 the existing power com-

panies paid \$1,981,661 in taxes; they also paid \$4,666,424 interest on their bonds and over \$2,400,000 in interest on their stock. If you parallel the existing lines, it will not spell economy, and an investment of 400 million dollars will be destroyed, without counting the crippling of the 800 firms engaged in the fertilizer industry. It is understood that the railroads are to be protected against any unjust competition. Why not the power and fertilizer industries? Both are greatly damaged, if not destroyed, by this bill.

In the last Congress an attempt was made to take the Government out of business. I ask you what has become of that thought? If a Government restaurant is wrong, what about putting the Government in the power and fertilizer business?

I ask you to consider in relation to the bill that the Department of Agriculture reports that these plants are obsolete and will cost many millions to modernize. The power plant is today earning more than the operating expenses. Why not wait until the depression is over?

The bill permits the Patent Office to be invaded to study, copy, and use all methods. This is robbery within the law. It also grants the right of eminent domain. No one knows what that will cost.

If you pass this bill, you will put out of business many fertilizer plants, employing thousands, to say nothing of the capital invested. You will destroy the Commonwealth & Southern Co., which is a holding company, and make it impossible to ever pay dividends to thousands that own stock in that and allied companies.

You have taken from our "defenders", the soldiers and sailors of all wars, and the underpaid national employees \$550,000,000. Is this sum to be spent on an experiment which is socialistic? Are business and income to be taxed until income is destroyed?

I ask you in the name of the Republic to cut down unnecessary expenditures, particularly expenditures that interfere with existing business.

Projects of this kind, if passed, will be duplicated, and will call for the expenditure of billions. How far can the Government run into fresh debt without impairing its credit and bringing about a great crash? Extraordinary borrowings would be at this time a calamity. I ask you to stop, look, and think of the future; if you do, you will save the Government from staggering losses. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield 10 minutes to the majority leader, the gentleman from Tennessee [Mr. Byrns].

Mr. BYRNS. Mr. Speaker, this rule, if adopted, provides, as the gentleman from North Carolina, the Chairman of the Rules Committee, has said, for 6 hours' general debate on the bill. At the conclusion of that time the previous question is to be considered as ordered and the House will be asked to vote upon it.

I think it rather significant that there has been no attack from our friends upon the other side of the aisle, the Republicans, claiming that this is a gag rule. I assume this lack of attack is due to the fact that my good friend from Connecticut [Mr. Goss] was frank enough to state that this action was really taken at his suggestion as a member of the committee; all of which goes to show that sometimes, at least in the opinion of the gentleman from Connecticut and others of like political persuasion, it is important to have a rule of this kind. To my mind it somewhat reflects—and I say this with all kindness—upon the sincerity of those who have heretofore in the discussion of rules arraigned the committee and the Democratic Membership of the House for presenting rules which seek to cut off amendments.

Mr. SNELL. Mr. Speaker, will the gentleman yield for a short question?

Mr. BYRNS. I yield for a brief question.

Mr. SNELL. We have become so accustomed to these gag rules that we are really surprised when you allow us to even talk under the general liberality of the Democratic Party. [Laughter.]

Mr. BYRNS. I had an idea that the gentleman, during the past 14 years in which his party has been in power in

this House, was fairly accustomed to the idea of a gag rule. Hence I was very much surprised when I heard criticisms by the gentleman of what he chooses to call "gag rules" after the Democrats assumed control of the House.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. O'CONNOR. But the most surprising feature of this situation here is that this gag was requested by the Republican minority, as I understand it.

Mr. BYRNS. That was the statement which appeared in the morning's paper.

Mr. O'CONNOR. I might say, without disclosing anything confidential, that that was the information conveyed to the Rules Committee. The minority wanted to be gagged so that it might protest in behalf of the power companies, but could not do anything in reference to the bill. [Applause.]

Mr. BYRNS. This simply confirms the statement I made.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. For a brief question.

Mr. SNELL. The gentleman from New York, to whom the gentleman has referred as having been active in connection with rules, has been for several years, I will admit. I am always behind the Rules Committee and want to protect the integrity of the committee and the rules of the House. We might have brought in rules that were considered strict, but, as far as I can remember now, we have never brought in a general piece of legislation similar to the one being considered here today and denied the House the right of amending it. Will not the gentleman agree with me in this statement?

Mr. BYRNS. No; I am sorry I cannot.

Mr. SNELL. Then I wish the gentleman from Tennessee or some member of his committee would mention a specific bill outside of a tariff bill, which is an entirely different proposition, which we have brought in under such a rule.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield right there?

Mr. BYRNS. I yield.

Mr. O'CONNOR. They got over that hurdle by calling them up under suspension of the rules.

Mr. BYRNS. Precisely.

Mr. SNELL. Then we had to have a two-thirds majority to do that, which means you fellows must have joined us.

Mr. O'CONNOR. You had the two thirds seated over there.

Mr. SNELL. We have not had a two thirds since the gentleman has been sitting in this House.

Mr. BYRNS. Both the gentlemen from New York seem to be unanimously agreed that it was the custom of the Republican Party during their control of the House to deny the Membership the right to offer amendments to important bills.

Mr. SNELL. I deny the gentleman's statement. Name a single instance in which that was done.

Mr. BYRNS. I am not criticizing the gentleman.

Mr. SNELL. The gentleman said we did it. Now give us an instance in which we did it.

Mr. BYRNS. I am not criticizing the gentleman and his party for that.

Mr. SNELL. I do not think the gentleman can in view of his activity this year.

Mr. BYRNS. But I am talking about the sincerity of the gentleman and his party when they now undertake to criticize the Democratic Party for presenting similar rules.

Mr. SNELL. The gentleman has no right to criticize my sincerity on that because not a piece of general legislation was presented by our party which was not open to unqualified amendment.

Mr. BYRNS. If this is not general legislation, I fail to understand the meaning of the term.

Mr. SNELL. The gentleman cannot suggest any bill.

Mr. BYRNS. I cannot at this particular moment, but I submit that the Record is full of such instances. The Smoot-Hawley tariff is only one of many. Some day, when I have the time, I am going to compile some of them.



Mr. Speaker, this is all aside, and I did not know it was going to excite the attention of my friend from New York to the extent it has. Evidently I touched a sensitive spot.

Since July, 1921, Congress has been endeavoring to make some disposition of the great investment the Government has down at Muscle Shoals amounting, as the gentleman from North Carolina [Mr. POW] said, to something like \$150,000,000. It will be recalled that Mr. Ford submitted his first proposals at that time.

Various bills have been introduced at every term of Congress, but the great interests which have opposed the development of this investment and its use in the interests of the people have been able, by playing one House against the other, to defeat them up to this time, except in two instances, when a bill which was finally passed was vetoed by President Coolidge through the pocket-veto method, and one was vetoed directly by President Hoover.

But I am thankful that now we have a man in the White House who is looking at this great investment down there, paid for by the people of the United States, from the standpoint of the interest of the people and he favors its development in the interest of the people rather than to let it remain idle in favor of the great interests which you and I know have opposed its development in the past and have succeeded in their efforts up to this time.

Personally, there are some amendments to this bill I would like to see adopted. I regret that the committee, by a close vote, struck from the provisions of the bill the 5 percent which was to be paid to the State of Tennessee and to the State of Alabama from the gross proceeds of power generated in those States; but I am not going to vote against the bill because of this fact or because I have no opportunity to offer an amendment upon the subject.

I do want to say, in support of my own opinion and those who favor this sort of provision, that under the terms of the bill you are taking out of the taxable property in the State of Tennessee more than 70,000 acres of land which will be flooded by the erection of the Cove Creek Dam.

I should like to see some provision in this bill giving the State of Tennessee the right, within a period of years, to purchase Cove Creek Dam, located, as it is, within its borders, but such privileges of amendment are denied by this rule.

Notwithstanding this, I am going to vote for this rule, because I realize that the Membership of this House, in a matter of this importance, involving as it does the operation of this great investment, cannot possibly sit upon the floor of the House and amend it without possibly destroying the whole structure of the bill. It has been carefully considered by a committee in which we have every confidence, and I am willing to trust their judgment.

I am not going to comment on just what the passage of this bill will mean. Our great leader in the White House has had the vision to see what it will mean to the great section of my own State in the development of the great Tennessee River Valley Basin and he has stated that in his opinion, it is simply the forerunner of similar developments which will take place throughout the country. This means the building of industrial plants and the employment of labor and relief to agriculture in the matter of cheaper fertilizer. It means, also, that if the investment is to be operated by the Government, it will present a yardstick by which the utility commissions of this country will be able to know, in exact figures, just what it costs to produce power and thereby fix the rate to the great consuming public accordingly. [Applause.]

I have received numbers of letters from stockholders in power companies protesting against the passage of this bill because it gives to the President authority to build transmission lines. In the very nature of things there can be only one consumer to whom the Government can sell any surplus power if it is required to sell same at the dam. This has been the trouble in the past, and as the result the Government has been unable to dispose of what power has been generated at anything like the price it felt that it should receive. It has been estimated that the Government has lost

on this account something like 2½ million dollars every year. The power thus given is discretionary and will not be exercised unless the President finds that it is necessary to protect the Government. In such event, the bill expressly provides that he shall first make an effort to lease the transmission lines already existing and belonging to private companies, or purchase them if advisable. I think it very certain that it will not be necessary to build these lines, but I regard it as entirely a wise thing to give the President this power to be utilized in the event he finds it necessary to do so.

I am sure we can trust the President to deal fairly with all parties concerned. While this bill was not prepared by him or at his instance, nevertheless it was drawn to cover in a broad way the views which he has heretofore expressed and with which the people of the country are in accord. I am sure that in view of all its passage means to Tennessee and to this great section of the South, its passage will meet with the approval of the people. There can be no justification for permitting this great investment of the Government to continue as it has for the past 12 years, inactive and idle, when its operation means so much not only to the people directly involved but to the entire country. I have no doubt but that with the passing years the splendid vision of a great President will be realized, and it naturally follows that the first step shall be taken in connection with Muscle Shoals where so much money has already been expended.

Mr. RANSLEY. Mr. Speaker, I yield 7 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, before voicing my opposition to the bill which is soon to come before us, I want to say a word about the rule under which it will be considered.

I want to correct any impression that the Republican membership on rules voted for this rule. We did not. We are standing today upon this rule, just where we have stood on every gag rule that has been brought before the House. We have taken the position that on all general legislation the Membership of the House has just as much right to offer amendments as any member of the committee or any of those who dominate the legislation.

Mr. O'CONNOR. Will the gentleman yield?

Mr. MARTIN of Massachusetts. Certainly.

Mr. O'CONNOR. I do not think the gentleman would be exactly correct in saying that all the members of the Rules Committee voted against the rule.

Mr. MARTIN of Massachusetts. The gentleman knows the situation. I might say there was no Republican member who voted for the rule. There was one member who refrained from voting. It is an unusual contention that one Republican member of a committee can influence the Democratic Rules Committee as to what kind of rule they will bring out.

I want to address one word to the liberal and progressive Democrats. You showed your power last week. You took a stand for liberal, progressive rules, and the so-called "discharge" rule then proposed has never been brought into this House, and I do not believe it ever will be. If you men will take a similar position on other liberal rules, you will find we will get rules under which we can consider business in an orderly way and where it will be possible for Members to introduce amendments. We have had two instances during the last week where bills were considered under the 5-minute rule, and I do not believe any man will stand here today and say that the House abused the privilege.

So I hope we will have a new deal, a new era, and that we will again have liberal consideration of legislation.

Painting rainbows is always a delightful and inspirational pastime. That is what we are doing here today. We are painting a beautiful picture for the good people of the Tennessee Valley and the United States, a fine dream that will eventually end in bitter disappointment. Patterned closely after one of the soviet dreams, it will end as have most of the Russian industrial ventures—in failure to accomplish the objective and leaving a tremendous debt for the taxpayers to pay.

The trusting people of Tennessee and Alabama hope that out of this Government venture in the realm of business will rise a new industrial empire. A magnificent mirage. Lost sight of is the fact industrial expansion in the United States is over for a few years at least. Our problem is not the acquiring of new enterprises, but how to keep going those already in existence.

Subsidized by the Government, it will beyond question be possible for industries to secure cheaper light and power in the Tennessee Valley. There was a day when that would be persuasive to industry, but not now. This saving would be minor compared with what is now possible in the older industrial communities. Scattered throughout the country are thousands of modern, idle plants that can be bought for a song. Plants costing a million dollars go begging for one twentieth of that price. Many are being torn down to escape taxes. These are all located in the heart of the consuming sections of the country, where skilled labor is abundant. Less capital is required to get into business through the acquiring of one of those plants than in building a new plant in the Tennessee Valley.

Mr. DUNN. Will the gentleman yield?

Mr. MARTIN of Massachusetts. No; I cannot. I have not the time.

This will be a very determining point when we emerge out of this depression with lean pocketbooks. No, Mr. Speaker, I think I can accurately predict no one in this generation will see materialize the industrial-empire dream of the Tennessee Valley.

Even if there was to be industrial expansion in this valley, this Government project would not be necessary. Private capital and private facilities are already ample to care for any expansion that might come to this section of the country. If there was any real likelihood of immediate expansion, it would have come during the recent years of frenzied finance.

Alfred E. Smith, for whose rugged Americanism I have a profound admiration, expressed in the last issue of the New Outlook grave doubts about the wisdom of regional planning schemes such as Muscle Shoals. He well says the age of the pioneer is over and further declares it doubtful whether the Nation will gain today by drying up old communities to irrigate new ones.

I question the drying up of old sections because I believe the experiment we are plainly determined to embark upon will be a failure. But I agree with the sound philosophy of Governor Smith that one section of the country should not be taxed to build up a competing section. If we dedicate the resources of the Nation to building up the Tennessee Valley, we have a right to expect the Public Treasury to finance the making of New England and every other section of the country attractive to industry. To follow any other course would be manifestly unfair.

In plunging the Government into this soviet experiment it is wise to recall private plants with which the Government will compete have an invested capital of \$700,000,000 and pay \$8,000,000 in taxes. About 114,000 people have invested their savings in good faith in these enterprises. With these facts before us, it is a serious question whether the community itself will profit by the undertaking we are to engage in.

This is not the time to duplicate existing facilities or to unnecessarily destroy private business. The country is never going to get back to normalcy until private business is able to give to the millions of unemployed an opportunity to work.

A few weeks ago disabled veterans and Government employees were asked to accept great sacrifices that the Budget could be balanced and the financial integrity and credit of the Nation be maintained. Is it right, in view of these sacrifices, we now waste huge sums, saved from the poor people of the country, in a project which is not essential and which for years to come will be a constant drain upon the National Treasury?

Personally, I think it is plain justice to the veterans and to the Government employees to carry on with real economy

in other directions and be prudent in our expenditures. Let us not forget that in the past the touch of the Government in business has invariably been the touch of death.

Occasionally there may be some exception, but that exception will not be at Muscle Shoals. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I shall use the remainder of my time and ask unanimous consent to extend my remarks in the Record.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, I do not know whether or not the day is fast approaching when the House may protest against so much time being consumed in discussion of rules and the type of rule and the methods of bringing in rules. I said in joining in the colloquy with the gentleman from Tennessee [Mr. BYRNS] this morning that this instance today should point out the sincerity of the attack made upon the Rules Committee in respect to the type of rules that committee brings in. The Rules Committee never brings in a gag rule. The gag, so called, is always asked for by the standing committee. The Rules Committee is very particular to inquire of the representatives of the standing committee whether or not a particular type of rule has been requested by the standing committee. Of course, in most instances the Rules Committee is informed that a particular type of rule is requested by the Democratic majority of the standing committee; but in this case the Republicans joined with the Democrats and were insistent on a rule which would not permit any amendment to the Muscle Shoals bill. At least, I am so informed.

Mr. JAMES. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. JAMES. That is not correct.

Mr. O'CONNOR. Well, the Rules Committee was so informed. I am willing to stand corrected. I am stating only what was said at the meeting before the Rules Committee.

Mr. HILL of Alabama. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. HILL of Alabama. The gentleman from Connecticut, Mr. Goss, stated that the chairman of the committee, Mr. McSWAIN, had been so preeminently fair, had given every opportunity to the minority to amend the bill and discuss it, and that in view of that and the further fact that the bill covered such a broad field, the Republican members of the committee joined in the request that the rule be limited simply to general debate, without any reading of the bill under the 5-minute rule.

Mr. O'CONNOR. Then I was not mistaken in what I said was the information conveyed to the Rules Committee.

Mr. HILL of Alabama. The gentleman was correct.

Mr. JAMES. It was suggested that the majority could offer certain amendments and that the minority as the minority could offer certain amendments. I objected to that upon the ground that as a member of the minority I wanted no more privilege than any other Republican on the floor of the House.

Mr. CARPENTER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. CARPENTER of Nebraska. Is this bill, H.R. 5081, an administration measure, and has it the backing of the Democratic administration?

Mr. O'CONNOR. I so understand, though I do not speak with any personal authority.

Mr. McSWAIN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. McSWAIN. The President did not write either one of the bills introduced in either end of the Capitol. He has considered only the general broad principles, and approves of those broad principles as expressed in both bills. But this matter has been before Congress for 16 years, and some of us who have been laboring upon it for 12 to 15 years know a great deal more about the intricacies of the matter than it is possible for any one just coming on the scene to know.



Mr. CARPENTER of Nebraska. I may say to the gentleman that we are fast finding that out, but I disagree with the gentleman. I do not think this is an administrative measure, and I do not think it has the approval of the administration in its so-called "broad principles", to which the gentleman referred. I refuse to support any gag rule that has not the backing, in the final passage of the act, of the administration, and I say that this bill has not.

Mr. O'CONNOR. Well, Mr. Speaker, if I were against gag rules, I would be against them whether the administration wanted them or not.

For 12 years I have been listening to the subject of Muscle Shoals in the Rules Committee. I voted to sell Muscle Shoals to Mr. Ford. After that time, when the distinguished gentleman from New York, the majority leader, Mr. SNELL, was Chairman of the Committee on Rules, I stated in the committee that I would give Muscle Shoals away—do anything to get rid of the subject, and that something ought to be done about it. We are now fast approaching that day when a President in the White House is really going to do something about Muscle Shoals. The last two bills were vetoed by Republican Presidents, but we are now within a few weeks of the time when we are going to have this perennial subject disposed of and removed from the annual legislative program.

I listened to the gentleman from Pennsylvania [Mr. RANSLEY] weep over the fate of the power companies and the Fertilizer Trust. He stated that the bill would result in taxes being increased, but he did not say anything about a resulting decrease in the cost of electricity to the people. He did not say anything about a decrease in the cost of fertilizer to the farmer. As I sat there listening to him and the other Republican speakers, I came to the conclusion—one which I have been approaching all during this session—that the Republican policy of today is the same as it has always been. The Republican Party believes in protecting with all its might, in spite even of a negligible minority, the rights and the securities and the investments of the people who have without any concern for the 95 percent of the people who have not. [Applause.] That policy was demonstrated yesterday in the debate and votes on the Wagner bill and likewise on every bill that has been brought in here during this session. It is the same old policy of the Republican Party—protect the stockholders, not the consumer of the power; protect the security holders, not the farmer who buys the fertilizer, which is now subject to a monopoly and the extortions of the Fertilizer Trust.

The Alabama Power Co. seemed to be the chief concern of the gentleman from Pennsylvania [Mr. RANSLEY]. And the gentleman from New England [Mr. MARTIN] wept about his stockholders in New England. He did not talk about his farmers; he did not talk about his people in New England who, by reason of cheap power in the South, might be able to buy products of the factories and mills that would use that power to make those products.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. WEIDEMAN. He did not mention anything about dividends that had to be paid on watered stock or the tremendous salaries paid to executives, did he?

Mr. O'CONNOR. Oh, the gentleman from Pennsylvania [Mr. RANSLEY] did talk about dividends. Why, on the coat of arms of the Republican Party, up in the left-hand loop, is the word "dividends."

Mr. FORD. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. FORD. Did the gentleman have anything to say about the hundreds of thousands of stockholders that Mr. Insull and some of the other boys "gypped" when they got them in their clutches?

Mr. O'CONNOR. Oh, those stockholders, of course, are not the stockholders they are talking about. [Applause.]

Mr. FORD. I understand.

Mr. O'CONNOR. This morning on the floor the distinguished minority leader talked about the banks being closed when the Democrats came into office. I can see the Repub-

lican platform for 1936, and I can hear those dear old Republican spellbinders on the stump talking to their people. They will say, "Don't you remember the very day, that cloudy Saturday, the 4th of March, when the Democrats took office, why every bank in the country closed!" Of course, Mr. Speaker, the Republicans are not going to get away with that, because the people of America know that if the Republican administration had any interest or concern in the savings and the welfare of the people of America they would have closed every bank in the country months before March 4, 1933, as a means of working out a real solution of our banking situation. [Applause.] So when the expiring administration timed its plan exactly to throw the dying remains in our laps on that Saturday morning, our leader in the White House did just as he did the other day when the bankers said they wanted 5 million, 100 million, 300 million, 600 million gold to ship abroad. He said, "Just for that you are not going to get any to ship abroad." So when the bankers would not talk real business and would not meet reasonable terms and cooperate for the safety of the American public, our President closed the banks, as Mr. Hoover should have done months before.

Incidentally, I understand that the same Mr. Hoover, resting in the New York hotels, is now saying he should have done exactly what President Roosevelt did—months before. [Applause.] So just take a little blue pencil and rub that particular campaign argument out of the 1936 guidebook of spellbinders. [Laughter.]

Now, I am glad we are going to get down to the consideration of Muscle Shoals and that we are going to do something about it. What this bill proposes to do is fundamentally the very thing that the American people overwhelmingly want done about Muscle Shoals. [Applause.]

Mr. Speaker, I reserve the balance of my time.

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I am opposed to this rule because of the rule itself, and because of the merits or lack of merit of the legislation which the rule proposes to make in order. I am opposed to the rule because it is a gag or closed rule. I have stated what I thought about gag rules before, and I will not say anything more on that subject at this time except to say that I have not changed my position about them. It is true the statement was made before the Rules Committee that the Republican members of the legislative Committee on Military Affairs were not opposed to this kind of rule in this instance, but it was quite clearly brought out there that they had allowed their friendship and feeling toward the distinguished Chairman of the Committee on Military Affairs, the gentleman from South Carolina [Mr. McSWAIN], to influence their attitude and, as it seemed to some members of the Committee on Rules, to get the better of their judgment. However, the Republican members of the Rules Committee maintain the same position on this rule that they have on other gag rules. They are opposed to this kind of rule, making in order legislative proposals such as this, which prohibit the reading of the legislation under the 5-minute rule, and prohibit the offering of any amendments by the Membership of the House generally.

My judgment is, too, that some of the Republican members of the Committee on Military Affairs did not oppose this particular rule partly because they were afraid that some good amendments that had been put into the bill during its consideration in the committee would be taken out on the floor if it were thrown open for amendments. My colleague, Mr. JAMES, the ranking Republican member of that committee, has already stated his position as being opposed to all gag rules.

Mr. BYRNS. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. BYRNS. When did the gentleman and his party change their position about what the gentleman chooses to call a gag rule?

Mr. MAPES. I may say to the gentleman that personally I have never changed my mind in regard to it, and I do not

think the party has changed its mind in regard to it. As was brought out in the colloquy between the gentleman from Tennessee and the gentleman from New York, I have no recollection of the Republican Party, when it was in control of the House of Representatives, ever bringing in a gag rule on an important piece of general legislation, with the exception of the tariff bills, which everybody knows, as a practical matter, must be limited in some way or they would never get to a final vote in the House.

Mr. McSWAIN. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I yield to the distinguished Chairman of the Committee on Military Affairs.

Mr. McSWAIN. The gentleman has paid me a very undeserved and unjustified compliment.

Mr. MAPES. No; it is entirely deserved.

Mr. McSWAIN. But I feel I should state in fairness to the gentlemen of the minority on the Committee on Military Affairs that they were as much opposed to this bill in principle as they could be, and they fought it as hard as they could for days and days and days in the committee; but they recognized that this kind of legislation is very much like the tariff bill talked about by the chairman: that it ought to be voted up or down on its merits.

Mr. MAPES. Mr. Speaker, I shall not take any more time to discuss the rule, but I do want to say a word about the bill itself.

Mr. Speaker, the first sentence of the report of the committee very truthfully says that the Tennessee River and the Muscle Shoals question first made its appearance as a Federal problem as long ago as 1824. Anyone who studies the history of Muscle Shoals will find that from that time on, a period of 100 years, there has been a persistent drive from time to time upon Congress to get the Federal Government to develop and improve the Tennessee River, but the attempts have never been successful so far as Congress is concerned. Congress has repeatedly refused to undertake this improvement, and wisely so, in my judgment.

Finally, in 1916, Congress, in the National Defense Act, voted, and I as a Member of the House at that time voted for it along with the rest, to give the President of the United States a roving commission in the exercise of his war power to establish a nitrate plant, develop water power, build dams and locks, and to do other things, in his discretion, on any navigable or nonnavigable river in the United States. In the exercise of that discretion, with that roving commission, the President selected this site on the Tennessee River and started this development which has already cost the United States approximately \$150,000,000, to say nothing of interest on the investment.

I, for one, am not going to vote to give another President a roving commission of that kind in a time of peace which will enable him to start an improvement or require an expenditure of Government funds that no one can tell where it will lead to. It is estimated, or some claim, that this is the beginning of an improvement which in the end will involve the Federal Government in an expenditure of over \$1,000,000,000. Congress ought not to start anything of that kind without knowing where it is headed for.

Somebody has spoken of this improvement as a wonderful dream of a wonderful statesman. That may be so. I am inclined to think that it is largely a dream. Let me say that this is not a personal matter with me. I had the utmost respect for the President of the United States during the war, President Wilson, and I have the utmost respect for the present President of the United States, President Roosevelt; but as a Member of Congress I think Congress has its obligation, and it ought not to allow the President of the United States, no matter how able he is, how wise he is, or how well-intentioned he is, to commit the Federal Government to an expenditure of \$1,000,000,000 without knowing where it is leading to.

This is spoken of as a wonderful experiment. This is no time to experiment. This is no time to start expenditures of this kind when we are trying to reduce the expenses of the country, when everybody is in such distress. It is not a

sound investment. It is economically unsound from the standpoint both of navigation and of the development of power.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 2 additional minutes to the gentleman from Michigan.

Mr. MAPES. It is stated in the minority views on the bill that at the present time 30 percent of the generating capacity of privately owned plants serving the territory within transmission distance of Muscle Shoals is finding no market. This 30 percent amounts to a surplus capacity of approximately 400,000 horsepower, the amount proposed to be developed by the construction of the Cove Creek Dam. In other words, more horsepower is now being developed there than can be disposed of, yet we intend to spend good, hard money to develop still more.

The proposition is unsound also from the standpoint of navigation. Everybody who has seen the Tennessee River knows that in some places it is not more than 6 inches deep. There is little navigation on the river, and it will cost a lot of money to make it navigable for ships of any size. We have spent about \$150,000,000 at Muscle Shoals. Now it is proposed to start the expenditure of \$1,000,000,000 more. It is not a question of making use of the development that is already there; it is a question of obligating the Government for this tremendous expenditure in the future. It is sending good money after bad.

I think now is the time for Congress to put its foot down and say we will not allow any such expenditure to be made. We do not propose to let the camel get his nose under the tent in any such manner. [Applause.]

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the resolution.

The resolution was agreed to.

The Clerk read the title of the bill.

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent that the second reading of the bill be dispensed with, and that the bill be printed in the Record at this point.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The bill is as follows:

*Be it enacted, etc.,* That for the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Ala., in the interest of the national defense and for agricultural and industrial development, and to improve navigation in the Tennessee River, and to control the destructive flood waters in the Tennessee River and Mississippi River Basins, there is hereby created a body corporate by the name of the "Tennessee Valley Authority of the United States" (hereinafter referred to as the "Authority"). The board of directors first appointed shall be deemed the incorporators, and the incorporation shall be held to have been effected from the date of the first meeting of the board. This act may be cited as the "Tennessee Valley Act of 1933."

Sec. 2. (a) The board of directors of the Authority (hereinafter referred to as the "board") shall be composed of three members, not more than two of whom shall belong to the same political party, to be appointed by the President, by and with the advice and consent of the Senate. The board shall organize by electing a chairman, vice chairman, and other necessary officers, agents, and employees to do its clerical work, and shall then proceed to carry out the provisions of this act.

(b) The terms of office of the members first taking office after the approval of this act shall expire as designated by the President at the time of nomination, one at the end of the third year, one at the end of the sixth year, and one at the end of the ninth year, after the date of approval of this act. A successor to a member of the board shall be appointed in the same manner as the original members and shall have a term of office expiring 9 years from the date of the expiration of the term for which his predecessor was appointed.

(c) Any member appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

(d) Vacancies in the board so long as there shall be two members in office shall not impair the powers of the board to execute the functions of the Authority and two of the members in office



shall constitute a quorum for the transaction of the business of the board.

(e) Each of the members of the board shall be a citizen of the United States and shall receive compensation, without regard to the provisions of other laws applicable to the officers and employees of the United States, at the rate of \$10,000 a year, to be paid by the Authority as current expenses. Members of the board shall be reimbursed by the Authority for actual expenses (including traveling and subsistence expenses) incurred by them while traveling in the performance of the duties vested in the board by this act. All members of the board shall reside in the vicinity of Muscle Shoals, Ala., and shall devote their entire time to the work of the Authority.

(f) No member of the board shall have any financial interest in any public-utility corporation engaged in the business of distributing and selling power to the public nor in any corporation engaged in the manufacture, selling, or distribution of fixed nitrogen or fertilizer, or any ingredients thereof, nor shall any member have any interest in any business that may be adversely affected by the success of the Muscle Shoals project as a producer of concentrated fertilizers or as a producer of electric power.

(g) The board shall direct the exercise of all the powers of the Authority.

SEC. 3. (a) The chief executive officer of the Authority shall be a general manager, who shall be responsible to the board for the efficient conduct of the business of the Authority. The board shall appoint the general manager, whose salary shall not exceed the rate of \$10,000 a year, and shall select a man for such appointment who has demonstrated his capacity as a business executive. The general manager shall be appointed to hold office at the pleasure of the board. Should the office of general manager become vacant for any reason, the board shall appoint his successor as herein provided.

(b) The general manager shall appoint, with the advice and consent of the board, two assistant managers who shall be responsible to him, and through him to the board, whose salaries each shall not exceed the rate of \$9,000 a year. One of the assistant managers shall be a man possessed of knowledge, training, and experience to render him competent and expert in the production of fixed nitrogen and/or fertilizer and fertilizer ingredients. The other assistant manager shall be a man trained and experienced in the field of production, transmission, and distribution of hydroelectric power. The general manager may at any time, with the consent of the board, remove any assistant manager, and appoint his successor as above provided. He shall employ, with the approval of the board, all other agents, clerks, attorneys, employees, and laborers not hereinbefore reserved to the board.

The compensation of such agents, clerks, attorneys, employees, and laborers shall be fixed with regard to the provisions of other laws applicable to the compensation of officers or employees of the United States: *Provided*, That all contracts to which the Authority is a party and which require the employment of laborers and mechanics in the construction, alteration, maintenance, and/or repair of buildings, dams, locks, or other projects shall contain a provision that not less than the prevailing rate of wages for work of a similar nature prevailing in the vicinity shall be paid to such laborers or mechanics.

In the event any dispute arises as to what are the prevailing rate of wages, the question shall be referred to the Secretary of Labor for determination, and his decision shall be final. In the determination of such prevailing rate, or rates, due regard shall be given to those rates which have been secured through collective agreement by representatives of employers and employees.

Where such work as is described in the two preceding paragraphs is done directly by the Authority, the prevailing rate of wages shall be paid in the same manner as though such work had been let by contract.

SEC. 4. Except as otherwise specifically provided in this act, the corporation (herein called the "Authority")—

(a) Shall have succession in its corporate name.  
(b) May sue and be sued in its corporate name.  
(c) May adopt and use a corporate seal, which shall be judicially noticed.

(d) May make contracts.  
(e) May adopt, amend, and repeal bylaws.

(f) May purchase or lease and hold such personal property as it deems necessary or convenient in the transaction of its business, and may dispose of any such personal property held by it.

(g) As hereinbefore specified, may appoint such officers, employees, attorneys, and agents as are necessary for the transaction of its business, fix their compensation, without regard to the provisions of the Civil Service laws applicable to the employment and compensation of officers or employees of the United States, define generally their duties, require bonds of them and fix the penalties thereof, and dismiss at pleasure any such officer, employee, attorney, or agent, and provide a system of organization to fix responsibility and to promote efficiency.

(h) The board shall require that the general manager and the two assistant managers, the secretary and the treasurer, the bookkeeper or bookkeepers, and such other administrative and executive officers as the board may see fit to include, shall execute and file before entering upon their several offices good and sufficient surety bonds, in such amount and with such surety as the board shall approve.

(i) Shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Authority.

(j) The Authority may in the name of the United States of America exercise the right of eminent domain, and in the purchase of any real estate or the acquisition of real estate by condemnation proceedings, the title to such real estate shall be taken in the name of the United States of America, and thereupon all such real estate shall be entrusted to the Authority as the agent of the United States to accomplish the purposes of this act.

(k) The Authority shall have power to acquire real estate for the construction of dams, reservoirs, transmission lines, power houses, and other structures, and navigation projects at any point along the Tennessee River, or any of its tributaries, and in the event that the owner or owners of such property shall fail and refuse to sell to the Authority at a price deemed fair and reasonable by the board, then the Authority may proceed to exercise the right of eminent domain, and to condemn all property that it deems necessary for carrying out the purposes of this act, and all such condemnation proceedings shall be had pursuant to the provisions and requirements hereinafter specified with reference to any and all condemnation proceedings. The Authority shall have power to construct dams, reservoirs, power houses, power structures, and navigation projects in the Tennessee River and its tributaries, and for this purpose may exercise the right of eminent domain.

It is hereby declared to be the policy of the Government to construct, where practicable, on the Tennessee River joint power and navigation dams, to conserve and make available the power, and to provide cheaper navigation; and the Authority shall create for each dam constructed a sinking fund, which, paid in annually with compound interest, will amortize the entire cost of the dam, including power houses and locks, over a period of 60 years, and the Authority shall pay to the Treasury 2 percent interest annually on money used for such construction derived from the Treasury and chargeable as cost to power: *Provided*, That the payment of any interest to the Treasury may be suspended for 1 year, but such suspended payment shall bear interest at the rate of 2 percent per annum: *Provided*, That the Authority shall not proceed to construct any dam herein authorized where power alone will be generated, or where the power will be generated in conjunction with navigation (except Cove Creek Dam and Dam No. 3), unless there is a reasonable market demand for so much of the power as will yield a reasonable return on that part of the investment representing the cost of the power production, including a sum for the amortization of the entire cost in 60 years, and then only with the approval of the President: *Provided further*, That the Authority may construct any dam or dams if prior to such construction it has effected a lease on self-liquidating terms approved by the President that will return the bond interest on the investment chargeable to power purposes, determined as herein provided, and amortize the entire amount of capital invested for all purposes in the project leased. Rates and charges for the power sold from a leased project shall not exceed amounts found as reasonable, just, and fair by the Federal Power Commission.

SEC. 5. It is hereby declared to be the policy of the Government to utilize and operate the Muscle Shoals properties so far as may be necessary to improve, cheapen, and increase the production of fertilizer and fertilizer ingredients by carrying out the provisions of this act.

SEC. 6. The board is hereby authorized—

(a) To contract with commercial producers for the production of such fertilizers or fertilizer ingredients not produced by the Authority as may be needed in the Government's program of development and introduction.

(b) To arrange with farmers and farm organizations for large-scale practical use of the new forms of fertilizers under conditions permitting an accurate measure of the economic return they produce.

(c) To cooperate with National, State, district, or county experimental stations or demonstration farms, for the use of new forms of fertilizer or fertilizer practices during the initial or experimental period of their introduction.

(d) The board shall manufacture fixed nitrogen and/or other fertilizer ingredients at Muscle Shoals by the employment of existing facilities (by modernizing existing plants), or by any other process or processes that in its judgment shall appear wise and profitable for the fixation of atmospheric nitrogen, and/or other fertilizer ingredients for agricultural and military uses.

(e) It shall be the duty of the board to operate the nitrate plants or either of them by employment of existing facilities or by modernizing the existing plants and facilities for the production of nitrogenous plant food of a kind and quality and in form available as plant food and capable of being applied directly to the soil in connection with the growth of crops containing not less than 10,000 tons of fixed nitrogen, and said amount of such fertilizer or fertilizer ingredients shall periodically be increased from time to time as the market demands may reasonably require until the maximum production capacity of the plants now owned by the Government at Muscle Shoals, as the board may find them to be economically adapted, or susceptible of being made economically adapted for the fixation of nitrogen is reached, if the reasonable demands of the market shall justify except when the market demands are satisfied by maintenance in storage and unsold of such fertilizer or fertilizer ingredients containing at least 2,500 tons of fixed nitrogen if such production is economically justifiable and so found by the Authority and so approved by the President. Whenever such stock in storage shall fall below the quantity containing 2,500 tons of fixed nitrogen the production of such nitrogenous plant food shall thereupon be resumed. In the event such production is not so found economically justifiable, then it shall be the duty of the Authority to



operate such plants and facilities for the production of phosphoric acid and/or other fertilizer ingredients in a form available as plant food and capable of being applied directly to the soil, and in an amount and quantity equal to the production of nitrogenous plant food herein required.

(f) To lease upon such terms and conditions as may safeguard the interests of the United States and insure the mass production of fertilizer and/or fertilizer ingredients the existing plants and facilities and any such additional plants and facilities as may be constructed and any other property or properties, in whole or in part, for the benefit of the farmer and for agricultural conservation, except that there shall be no lease of power dams, power plants, and power-generating facilities: *Provided*, That all fertilizer produced shall be in such form and in combination with such other ingredients as shall make such fertilizer immediately available and practical for use by farmers in application to soils and crops. In the event that a lease be made, the board shall supply the said lessee the power necessary for the operation of the properties leased and for such other manufacturing purposes as the President and the board may agree upon at a price which shall be deemed fair and just by the President and the board. The lease of any such properties for the production of fertilizer or fertilizer ingredients shall contain a stipulation that the operation of any properties used in the manufacture of fertilizer or fertilizer ingredients shall be conducted in an economical manner and that there must be manufactured annually at least a prescribed amount of nitrogenous plant food of a kind and quality and in a form available as plant food and capable of being applied directly to the soil in connection with the growth of crops: *And provided further*, That the contract shall contain a stipulation requiring the lessee to produce within 2 years from the date such lease shall become effective, such fertilizer or fertilizer ingredients containing not less than 10,000 tons of fixed nitrogen, and shall require periodic increases in quantity of fixed nitrogen from time to time as the market demands may reasonably require, and such lease shall provide that such increases shall finally reach the maximum production capacity of such plant or plants as the board may find to be economically adapted, or susceptible of being made economically adapted to the fixation of nitrogen, if the reasonable demands of the market shall justify the same, except when the nitrogen produced is required for national defense, or when the market demands for same are satisfied by the maintenance in storage and unsold of such fertilizer or fertilizer ingredients containing at least 2,500 tons of fixed nitrogen, but whenever said stock in storage shall fall below the quantity containing 2,500 tons of fixed nitrogen, the production of such nitrogen, and the manufacture of such fertilizer or fertilizer ingredients shall thereupon be resumed.

(g) To make alterations, modifications, or improvements in existing plants and facilities, and to construct new plants, for the production of concentrated fertilizers, and/or fertilizer ingredients, in form suitable for home mixing, or for direct application to soil, and for use in connection with growing crops, and to sell same at cost plus 4 percent, under such rules and regulations as will insure the widest practicable distribution thereof, and preference in such sale shall be given to farmers or to their authorized purchasing agents.

(h) It shall be the duty of the board to maintain in stand-by condition nitrate plant no. 2, or its equivalent, for the fixation of atmospheric nitrogen, for the production of explosives in the event of war or a national emergency, until the Congress shall by joint resolution release the board from this obligation.

The Authority, with the approval of the President of the United States, is hereby authorized to ascertain and declare, for the purpose of fixing the cost of fertilizers and/or fertilizer ingredients, the value of such part of any plant or plants as may be employed by the Authority in the production of fertilizer and/or fertilizer ingredients: *Provided*, That the total value of nitrate plant no. 2 shall not be fixed to exceed \$6,000,000.

(i) To establish, maintain, and operate laboratories and experimental plants, and to undertake large-scale experiments for the purpose of enabling the Authority to furnish nitrogen, fertilizer, and other products needed for military and agricultural purposes in the most economical manner and at the highest standard of efficiency.

(j) To request the assistance and advice of any officer, agent, or employee of any executive department or of any independent office of the United States, to enable the Authority the better to carry out its powers successfully, and the President shall, if in his opinion the public interest, service, and economy so require, direct that such assistance, advice, and service be rendered to the Authority and any individual that may be by the President directed to render such assistance, advice, and service shall be thereafter subject to the orders, rules, and regulations of the board and of the general manager.

(k) Upon the requisition of the Secretary of War or the Secretary of the Navy to manufacture for and sell at cost to the United States explosives or their nitrogenous content.

(l) Upon the requisition of the Secretary of War the board shall allot and deliver without charge to the War Department so much power as may be necessary in the judgment of said Department for use in operation of all locks, lifts, or other facilities in aid of navigation.

(m) To produce, transmit, and sell electric power, as herein particularly specified.

(n) No products of the Authority shall be sold for use outside of the United States, its Territories and possessions, except to the

United States Government for the use of its Army and Navy or to its allies in case of war.

Sec. 7. In the appointment of officials and the selection of employees for said corporation, and in the promotion of any such employees or officials, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. Any member of said board who is guilty of a violation of this section shall be removed from office by the President of the United States, and any appointee of said board who is guilty of a violation of this section shall be removed from office by said board.

Sec. 8. In order to enable the Authority to exercise the powers and duties vested in it by this act—

(a) The exclusive use, possession, and control of the United States nitrate plants nos. 1 and 2, including steam plants located, respectively, at Sheffield, Ala., and Muscle Shoals, Ala., together with all real estate and buildings connected therewith, all tools and machinery, equipment, accessories, and materials belonging thereto, and all laboratories and plants used as auxiliaries thereto; the fixed-nitrogen research laboratory, the Waco Limestone Quarry, in Alabama, and Dam No. 2, located at Muscle Shoals, its power house, and all hydroelectric and operating appurtenances (except the locks), and all machinery, lands, and buildings in connection therewith, and all appurtenances thereof, and all other property to be acquired by the authority in its own name or in the name of the United States of America, are hereby entrusted to the authority for the purposes of this act.

(b) The President of the United States is authorized to provide for the transfer to the authority of the use, possession, and control of such other real or personal property of the United States as he may from time to time deem necessary and proper for the purposes of the Authority as herein stated.

Sec. 9. (a) The Authority shall maintain its principal office in the immediate vicinity of Muscle Shoals, Ala. The Authority shall be held to be an inhabitant and resident of the northern judicial district of Alabama within the meaning of the laws of the United States relating to the venue of civil suits.

(b) The Authority shall at all times maintain complete and accurate books of accounts.

(c) Each member of the board, before entering upon the duties of his office, shall subscribe to an oath (or affirmation) to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this act.

Sec. 10. (a) The board shall file with the President and with the Congress, in December of each year, a financial statement and a complete report as to the business of the Authority covering the preceding governmental fiscal year. This report shall include an itemized statement of the cost of power at each power station, the total number of employees, and the names, salaries, and duties of those receiving compensation at the rate of more than \$1,500 a year.

(b) The board shall require a careful and scrutinizing audit and accounting by the General Accounting Office or its successor in performing similar duties, during each governmental fiscal year of operation under this act, and said audit shall be open to inspection to the public at all times, and copies thereof shall be filed in the principal office of the Authority at Muscle Shoals, in the State of Alabama. At least once during each fiscal year the President of the United States shall appoint a firm of certified public accountants of his own choice and selection which shall have free and open access to all books, accounts, plants, warehouses, offices, and all other places, and records, belonging to or under the control of or used by the Authority in connection with the business authorized by this act. And the expenses of such audit so directed by the President shall be paid by the board and charged as part of the operating expenses of the Authority.

Sec. 11. The board is hereby empowered and authorized to sell the surplus power, not used in its operations and for operation of locks and other works to States, counties, municipalities, corporations, partnerships, or individuals, according to the policies hereinafter set forth, and to carry out said Authority the board is authorized to enter into contracts for such sale for a term not exceeding 20 years and in the sale of such current by the board it shall give preference to States, counties, municipalities, or co-operative organizations of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to their own citizens or members: *Provided*, That all contracts made with private companies or individuals for the sale of power, which power is to be resold for a profit, shall contain a provision authorizing the board to cancel said contract upon 5 years' notice in writing, if the board needs said power to supply the demands of States, counties, or municipalities.

Sec. 12. It is hereby declared to be the policy of the Government, so far as practical, to transmit or sell all the surplus power generated by the Authority at Muscle Shoals equitably among the States, counties, and municipalities within transmission distance.

Sec. 13. In event the board is unable to make satisfactory contracts with persons, firms, or corporations engaged in the distribution and resale of electricity as in this act provided, or for the use or purchase of such transmission lines, it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power or from proceeds from the sale of bonds as herein authorized, with the approval of the President, to construct, lease, or authorize the construction of transmission lines within transmission distance not to exceed 400 miles from the place where the power is gen-



erated, if transmission lines are found economically justified and necessary to carry out the provisions of this act: *Provided*, That the project herein provided for shall be considered primarily as for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available, and accordingly that sale to and use by industry shall be a secondary purpose, to be utilized principally to secure a sufficiently high load factor and revenue returns which will permit domestic and rural use at the lowest possible rates and in such manner as to encourage increased domestic and rural use of electricity: *Provided*, That if any State, county, municipality, or other public or cooperative organization of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members, or any two or more of such municipalities or organizations, shall construct or agree to construct a transmission line to the place of generation, or to the Government reservation on which is located a power-generating plant operated by the Authority, or to some place along or at the end of a transmission line, the board is hereby authorized to contract with such State, county, municipality, or other organization, or two or more of them, for the sale of electricity for a term not exceeding 30 years, and in any such case the board shall give to such State, county, municipality, or other organization ample time to fully comply with any local law now in existence or hereafter enacted providing for the necessary legal authority for such State, county, municipality, or other organization to contract with the board for such power: *Provided further*, That all contracts entered into between the Authority and any municipality or other political subdivision or cooperative association shall provide that the electric power shall be sold and distributed to the ultimate consumer without discrimination as between consumers of the same class, and such contract shall be voidable at the election of the Authority if a discriminatory rate, rebate, or other special concession is made or given to any consumer or user by the municipality or other political subdivision: *And provided further*, That as to any surplus power not so sold as above provided to States, counties, municipalities, or other said organizations, before the Authority shall sell the same to any person or corporation engaged in the distribution and resale of electricity for profit, it shall require said person or corporation to agree that any resale of such electric power by said person or corporation shall be sold to the ultimate consumer of such electric power at a price that shall not exceed an amount found to be reasonable, just, and fair by the Federal Power Commission, or its successor as a Federal regulatory body having similar jurisdiction; and in case of any such sale, if an amount is charged the ultimate consumer which is in excess of the price so deemed to be just, reasonable, and fair by the Federal Power Commission, or its successor as aforesaid, the contract for such sale between the board and such distributor of electricity shall by the Authority be declared to be null and void and the same shall be canceled.

Sec. 14. The net proceeds derived by the board from the sale of power and any of the products manufactured by the Authority, after deducting the cost of operation, maintenance, depreciation, amortization, and an amount deemed by the board as necessary to withhold as operating capital, or devoted by the board to new construction, shall be paid into the Treasury of the United States at the end of each calendar year.

Sec. 15. The Authority is hereby empowered, when and if the market demands justify, to complete Dam No. 2 at Muscle Shoals, Ala., and the steam plant at nitrate plant no. 2, in the vicinity of Muscle Shoals, by installing in Dam No. 2 the additional power units, according to the plans and specifications of said dam, and the additional power unit in the steam plant at nitrate plant no. 2.

Sec. 16. The Secretary of War is hereby authorized, with appropriations hereafter to be made available by the Congress or from funds arising from the sale of bonds, to construct, either directly or by contract to the lowest responsible bidder or bidders, after due advertisement, a dam which has by long usage become known and designated as the Cove Creek Dam in and across the Clinch River in the State of Tennessee, together with a transmission line to Muscle Shoals interconnecting with any intermediate power plants: *Provided*, That such transmission line may be constructed only if the board is unable to make contracts satisfactory to the Authority with owners of privately owned lines for the transmission of power, or for the use or the purchase of transmission lines, and if, after investigation, the Authority shall find that such transmission line is economically justifiable and necessary to carry out the purposes of this act. Such construction shall be according to the latest and most approved designs of the Chief of Engineers, including powerhouse and hydroelectric installations and equipment for the generation of electric power in order that the waters of the said Clinch River may be impounded and stored above said dam for the purpose of promoting navigation by increasing and regulating the flow of the Clinch River and the Tennessee River below, so that the maximum amount of primary power may be developed at Dam No. 2 and at any and all other dams below the said Cove Creek Dam.

Sec. 17. In order to enable and empower the board to carry out the authority hereby conferred in the most economical and efficient manner, it is hereby authorized and empowered in the exercise of the powers of national defense, in the aid of navigation, and in the control of the flood waters of the Tennessee and Mississippi Rivers, constituting channels of interstate commerce, to exercise the right of eminent domain and to condemn all lands, easements, rights of way, and other area necessary in order to obtain a site for said Cove Creek Dam, and the flowage rights

for the reservoir of water above said dam and to negotiate and conclude contracts with States, counties, municipalities, and all State agencies, and with railroads, railroad corporations, common carriers, and all public-utility commissions, and any other person, firm, or corporation, for the relocation of railroad tracks, highways, highway bridges, mills, ferries, electric-light plants, and any and all other properties, enterprises, and projects whose removal may be necessary in order to carry out the provisions of this act. When said Cove Creek Dam, transmission line, and power house shall have been completed, the possession, use, and control thereof shall be intrusted to the authority for use and operation in connection with the general Muscle Shoals and Tennessee Valley project and to promote flood control and navigation in the Tennessee River.

Sec. 18. The Authority, as an instrumentality and agency of the Government of the United States for the purpose of executing its lawful powers, shall have access to the Patent Office of the United States for the purpose of studying, ascertaining, and copying all methods, formulae, and scientific information (but not including access to pending applications for patents) necessary to enable the Authority to use and employ the most efficacious and economical process for the production of fixed nitrogen, or any essential ingredient of fertilizer, or any method of improving and cheapening the production of hydroelectric power, and any owner of a patent whose patent rights may have been thus in any way copied, used, infringed, or employed by the exercise of this right by the Authority shall have as the exclusive remedy a cause of action against the Authority, to be instituted and prosecuted on the equity side of the district court of the United States, in any district where infringement has occurred for the recovery of judgment for reasonable compensation. Service may be made in any such way as the court may direct. The Commissioner of Patents shall furnish to the Authority, at its request and without payment of fees, copies of documents on file in his office.

Sec. 19. The Government of the United States hereby reserves the right, in case of war or national emergency declared by Congress, to take possession of all or any part of the property described or referred to in this act for the purpose of manufacturing explosives, or for other war purposes.

Sec. 20. (a) All general penal statutes relating to the larceny, embezzlement, conversion, or to the improper handling, retention, use, or disposal of public moneys or property of the United States shall apply to the moneys and property of the Authority and to moneys and properties of the United States entrusted to the Authority.

(b) Any person, who, with intent to defraud the Authority, or to deceive any director, officer, or employee of the Authority or any officer or employee of the United States, makes any false entry in any book of the Authority, or makes any false report or statement for the Authority shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned not more than 5 years, or both.

(c) Any person who shall receive any compensation, rebate, or reward, or shall enter into any conspiracy, collusion, or agreement, express or implied, with intent to defraud the Authority or wrongfully and unlawfully to defeat its purposes, shall, on conviction thereof, be fined not more than \$5,000 or imprisoned not more than 5 years, or both.

Sec. 21. In order that the board may not be delayed in carrying out the program authorized herein the sum of \$10,000,000 is hereby authorized to be appropriated for that purpose from the Treasury of the United States, of which not to exceed \$4,000,000 shall be made available with which to begin construction of Cove Creek Dam during the calendar year 1933, and begin the production of fertilizer and/or fertilizer ingredients.

Sec. 22. The President of the United States, for 1 year from the date of the enactment of this act, is hereby authorized and empowered to enter into negotiations and conclude agreements with any person, firm, or corporation for the exchange of electric energy generated and to be generated by the Authority at any plant intrusted to and under the control of the Authority, in consideration of the conveyance by any such person, firm, or corporation of any property or property rights on which the Authority may construct a plant or plants for the production of electric energy, upon such terms, conditions, and limitations as to the President shall seem meet and proper. The President is further authorized for 1 year from the date of this act to lease or sell to any person, firm, or corporation such land not needed for national defense, fertilizer production, power production, or other governmental purposes upon such terms, conditions, and limitations as to the President shall seem meet and proper: *Provided, however*, That the President shall first have the land appraised: *Provided further*, That no lease shall be for a term to exceed 50 years: *Provided further*, That any sale shall be on condition that said land shall be used for industrial purposes only.

Sec. 23. The Authority may cause proceedings to be instituted for the acquisition by condemnation of any lands, easements, or rights of way which, in the opinion of the board are necessary in carrying out the foregoing projects. The proceedings shall be instituted in the United States district court for the district in which the land, easement, right of way, or other interest is located, and such court shall have full jurisdiction to divest the complete title to the property sought to be acquired out of all persons or claimants and vest the same in the United States in fee simple, and to enter a decree quieting the title thereto in the United States of America.



Upon the filing of a petition for condemnation and for the purpose of ascertaining the value of the property to be acquired, and assessing the compensation to be paid, the court shall appoint three commissioners, who shall be disinterested persons and who shall take and subscribe to an oath that they do not own any lands, or interest or easement in any lands, which it may be desirable for the United States to acquire in the furtherance of said projects, and such commissioners shall not be selected from the locality wherein the land sought to be condemned lies. Such commissioners shall receive a per diem of not less than \$15 per day for their services, together with an additional amount of \$5 per day for subsistence for time actually spent in performing their duties as commissioners.

It shall be the duty of such commissioners to examine into the value of the lands sought to be condemned, to conduct hearings and receive evidence, and generally to take such appropriate steps as may be proper for the determination of the value of the said lands sought to be condemned, and for such purpose the commissioners are authorized to administer oaths and subpoena witnesses, which said witnesses shall receive the same fees as are provided for witnesses in the Federal courts. The said commissioners shall thereupon file a report setting forth their conclusions as to the value of the said property sought to be condemned, making a separate award and valuation in the premises with respect to each separate parcel involved. Upon the filing of such award in court the clerk of said court shall give notice of the filing of such award to the parties to said proceeding, in manner and form as directed by the judge of said court. Within 30 days after giving notice of such award by the clerk of said court, as hereinabove provided, any party to such proceeding deeming himself aggrieved may file in writing with the clerk of said district court a demand for a jury trial upon the question of the reasonableness of the award so made, and upon such filing of a demand, or any such demand or demands, the judge of said district court shall cause a jury to be empaneled pursuant to the usual practices of such district court, and thereupon the causes of all parties so demanding jury trials shall be heard de novo by the court and jury and awards made according to the usual practices of such district courts.

Nothing in this act contained shall be construed to entitle each property owner to have a separate jury empaneled to determine the award to be made for any piece or parcel of property owned by him, but the trial judge shall determine and order the manner of the trial of said causes respecting the rights of the several owners, either by having the same jury determine the rights of all litigants who shall demand jury trials, or by grouping several tracts or parcels of land into separate jury groups, in which event, in his discretion, the trial judge or the trial judges who may be presiding at such trial or trials shall permit all litigants or counsel for litigants affected or to be affected by the determination of such jury to examine the jurors upon voir dire and to participate in the arguments to be presented to the jury at the conclusion of the evidence.

Where property to be affected by this act is situated in more than one judicial district of the United States, its value shall be determined by a jury to be selected of and from the judicial district where any part of such property is situated.

In the event of any property owned in whole or in part by minors, or insane persons, or incompetent persons, or estates of deceased persons, then the legal representatives of such minors, insane persons, incompetent persons, or estates shall have power by and with the consent and approval of the trial judge in whose court said matter is for determination to consent to or reject the awards of the commissioners herein provided for, and in the event there be no legal representatives or the legal representatives for such minors, insane persons, or incompetent persons shall fail or decline to act, then such trial judge may, upon motion, appoint a guardian ad litem to act for such minors, insane persons, or incompetent persons, and such guardian ad litem shall act to the full extent and to the same purpose and effect as his ward could act, if competent, and such guardian ad litem shall be deemed to have full power and authority to respond, to conduct or maintain any proceeding herein provided for affecting his said ward.

Upon acceptance of an award by the owner of any property herein provided to be appropriated and the payment of the money awarded, or upon the award of the jury and judgment of the district court and the payment of the money by the United States pursuant thereto, and the payment of the money awarded into the registry of the court by the authority herein provided for, the title to said property and the right to the possession thereof shall pass to the United States and the United States shall be entitled to a writ in the same proceeding to dispossess the former owner of said property and all lessees, agents, and attorneys of such former owner, and to put the United States, by its corporate creature and agent, the authority, into possession of said property.

Appeals from the final judgment of the district courts of the United States shall be prosecuted in like manner as appeals in other cases, but no supersedeas shall be allowed, but the amount so paid into the registry of the court shall remain in the registry of said court and shall from time to time, under order of the district judge be increased or diminished and disbursed in accordance with the final disposition of said cause.

Sec. 24. The board, acting for the Authority, is hereby authorized and empowered to issue on the credit of the United States and to sell bonds not exceeding \$50,000,000 in amount, having a maturity not more than 60 years from the date of issue thereof,

and bearing interest not exceeding 3 percent per annum, and when said bonds are so issued, they shall constitute a first lien upon all net income from property of the United States hereby intrusted, and hereafter to be intrusted, to the possession and control of the Authority, after payment of operating costs, maintenance, depreciation, and reasonable capital charges. Said bonds shall be issued and sold in amounts and prices approved by the Secretary of the Treasury, but all such bonds as may be so issued and sold shall have equal rank as to lien upon the net income from said property. None of said bonds shall be sold below par, and no fee, commission, or compensation whatever shall be paid to any person, firm, or corporation for handling, negotiating the sale, or selling the said bonds. All of such bonds so issued and sold shall have all the rights and privileges accorded by law to Panama Canal bonds, authorized by section 8 of the act of June 28, 1902, chapter 1302, as amended by the act of December 21, 1905 (ch. 3, sec. 1, 34 Stat. 5), as now compiled in section 743 of title 31 of the United States Code. All funds derived from the sale of such bonds shall be paid over to the Authority.

Sec. 25. That the President of the United States is hereby authorized and empowered to investigate and to declare, as a result of his investigation, what proportion and part of the cost of any power plant hereafter to be acquired or constructed, and entrusted to the Authority, is properly and fairly chargeable to the several and respective factors of flood control, navigation, and power, and such declaration by the President shall be the final and official determination thereof. Such determination and declaration shall thereafter be binding upon the Government, and upon any of the holders of the bonds herein authorized to be issued and sold, in the event of any litigation concerning any bonds defaulted as to principal or interest, or both, and such declaration and determination shall be the basis of apportionment of contribution from the general funds of the Government and from the power funds of the Authority in the appraisal of existing plants and in the financing of construction for other plants: *Provided*, That as to Dam No. 2 the amount of the cost chargeable to power is hereby fixed at \$30,000,000, and the remainder of the total cost to the date of this act shall be charged to national defense, flood control, and navigation: *Provided further*, That the Authority shall pay annually into the Federal Treasury 2 percent on the \$30,000,000 chargeable to power: *Provided further*, That the Authority shall create a sinking fund which, paid in annually with compound interest, will amortize and return to the Federal Treasury the entire cost of the said dam to the date of this act over a period of 60 years.

Sec. 26. Insofar as applicable the benefits of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, shall extend to persons given employment under the provisions of this act.

Sec. 27. To aid further the proper use, conservation, and development of the natural resources of the Tennessee River Drainage Basin and of such adjoining territory as may be related to or materially affected by the developments consequent to this act, and to provide for the general welfare of the citizens of said areas, the President is hereby authorized, by such means or methods as he may deem proper within the limits of appropriations made therefor by Congress, to make such surveys of and general plans for said Tennessee Basin and adjoining territory as may be useful to the Congress and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds or through the guidance or control of public authority, all for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas; and the President is further authorized in making said surveys and plans to cooperate with the States affected thereby.

Sec. 28. The President shall, from time to time, as the work provided for in this act progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section and for the especial purpose of bringing about in said Tennessee Drainage Basin and adjoining territory in conformity with said general purposes (1) the maximum amount of flood control; (2) the maximum development of said Tennessee River and its tributaries for navigation purposes; (3) the maximum generation of electric power consistent with flood control and navigation; (4) the proper use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; (6) the most practical method of improving agricultural conditions in the valleys of said drainage basin; and (7) the economic and social well-being of the people living in said river basin and all adjacent territory.

Sec. 29. That all appropriations necessary to carry out the provisions of this act are hereby authorized.

Sec. 30. That all acts or parts of acts in conflict herewith are hereby repealed, so far as they affect the operations contemplated by this act.

Sec. 31. The right to alter, amend, or repeal this act is hereby expressly declared and reserved, but no such amendment or repeal shall operate to impair the obligation of any contract made by said authority under any power conferred by this act.

Sec. 32. The sections of this act are hereby declared to be separable; and in the event any one or more sections of this act be held to be unconstitutional, the same shall not affect the validity of other sections of this act.



Mr. McSWAIN. Mr. Speaker, I yield 20 minutes to the gentleman from Alabama [Mr. HILL], the sponsor of the bill under consideration.

Mr. HILL of Alabama. Mr. Speaker, we come today to the realization of a dream that in some form or fashion has engaged the thought and commanded the efforts of men for over 100 years. It was in 1824 that John C. Calhoun, of South Carolina, as Secretary of War in President Monroe's Cabinet, wrote the first report on the Tennessee River asking for a survey of the stream looking to its use for commercial and military operations. Is it not fitting that we come to the realization of this dream today, in large measure, because of the able leadership and the splendid services of another distinguished son of South Carolina, the chairman of the Committee on Military Affairs, Mr. McSWAIN. [Applause.] Permit me to say that in these 100 years and more there have been many excellent documents written on the Tennessee River, but there is no abler document on this subject than the majority report on the pending bill drafted by the gentleman from South Carolina, Mr. McSWAIN, and those of you who would get a clear, full, and fascinating picture of this great project need but read this majority report. [Applause.]

I know I voice the sentiments of each of you when I say that we are happy that after a rather extensive illness with influenza the Representative from the Muscle Shoals district of Alabama, Judge ALMON, is able to be with us at this hour. [Applause.] I do not really think we could pass a Muscle Shoals bill without Judge ALMON's presence. He has worked for this project so long and so consistently that we affectionately call him "Muscle Shoals." [Applause.] When this great project is developed, it will stand through the years a witness to his unremitting toil and his self-sacrificing labors.

The bill now before us for consideration does not altogether represent my views on this subject. I take it that it does not represent fully the views of any one man. The chairman of the committee, Mr. McSWAIN, and myself visited Muscle Shoals with the President of the United States. We also had two extensive conferences with him, and as a result of these conferences we drafted a bill to carry out the broad principles of the President's program for the Tennessee River. The bill was amended by the Committee on Military Affairs in some particulars, but stands today, in my judgment, as the expression, in its broad aspects, of the program that the President of the United States has in mind for the Tennessee River and that great river basin.

The President, in his message to Congress, in calling on Congress to legislate that he might carry out this project, spoke of the fact that the program was more than one of mere power development; that it included great questions of soil erosion, of soil exhaustion, of afforestation, of the elimination of marginal lands from agricultural use, of agricultural conservation, of the distribution and development of industry; in fact, of the development of a great river basin that would affect not only the lives of those in that basin today but that would affect the welfare and the happiness of millions yet unborn.

The Tennessee Valley has often been spoken of as the Ruhr of America, and it has been said that in this valley there are conjunctions of raw materials of all kinds, of coal, iron, and waterpower, more fateful than conjunctions of the stars. As the President in his message said, this development touches and gives life to all forms of human concern.

The Government has today at Muscle Shoals, on the Tennessee River, the great Wilson Dam with a height of about 92 feet and a length of almost a mile. It has the great nitrate plant no. 2, with a capacity for turning out annually 50,000 tons of pure nitrogen, and nitrate plant no. 1, with a capacity for turning out annually some 10,000 tons of pure nitrogen, but which have never been successfully operated.

Much will be said in this debate about Government operation and about putting the Government into business. Let me say to you that the Congress of the United States has tried for 15 years to secure a satisfactory lease for the Gov-

ernment properties on the Tennessee River, and it has never yet been able to get a lessee that would meet the terms and conditions which the Congress thought were fair and reasonable to the Government.

This is not the first bill for Government operation that has been presented to the Congress. In 1920 so conservative and so distinguished a gentleman as Senator WADSWORTH, at the time a Senator from New York and now a Member of this House, introduced a bill in the Senate setting up a Government corporation to manufacture fertilizer at Muscle Shoals, and to sell it to the farmers. Mr. SNELL, the distinguished minority leader of this House, at one time introduced a bill for Government operation, and even went so far as to authorize the construction of transmission lines for the Government to transmit electric energy.

The distinguished gentleman from Pennsylvania, Mr. MORIN, when he was the Republican Chairman of the Committee on Military Affairs, brought in a Government operation bill, and the organic law under which the Muscle Shoals project was built, section 124 of the National Defense Act of 1916, expressly provides that this project shall be operated by the Government and shall never be operated in conjunction with any private industry or private enterprise. We are today carrying out what was written into the organic law and what was the intent and the purpose of the Congress when the Muscle Shoals project was authorized.

The bill before us sets up what is termed the "authority", consisting of three members, to be appointed by the President of the United States and to be confirmed by the Senate. The original appointees are to have terms of 3, 6, and 9 years, and thereafter the terms are to be for a period of 9 years.

The Authority is given the power to build dams on the Tennessee River, and the act expressly lays down the policy that the authority, in the construction of the dams, shall build joint power and navigation dams so that the power may in large measure take care of the cost of navigation.

With the exception of Cove Creek Dam and Dam No. 3, before the authority can build any dam it must first have the approval of the President of the United States, and it must know that there is a reasonable market demand for the power to be generated at the dam.

The reason Cove Creek and Dam No. 3 are excepted from the provision is that these two dams have always been considered as an integral part of the Government-owned project at Muscle Shoals.

The gentleman from Tennessee [Mr. McREYNOLDS] will address you and tell you about Cove Creek Dam, this marvelous project, 225 feet high, containing 3,000,000 acre-feet of water. There will be so much water in the Cove Creek Dam that if the city of Washington was on a level with a wall around the city and all the water that is to be in the Cove Creek Dam were poured in on the city of Washington, we would be working today 75 feet under the surface of the water.

The dam is a storage dam, and by impounding the water for release and use in dry seasons, it will double the value of the Government power properties at Muscle Shoals, and will pay for itself in 20 years by the savings alone that will result from its control of floods and prevention of property destruction.

The bill provides further that when the authority builds a dam it must create a sinking fund, which paid into annually, with compound interest, will amortize the entire cost of the dam over a period of 60 years.

It also provides that the authority shall pay interest on any bonds issued for the construction of a dam. If any money comes out of the Treasury for the construction of a dam, the bill provides that the authority shall pay to the Treasury 2 percent each year on the money used in the construction of the dam and chargeable to the cost of power.

Another provision in the bill permits the authority to construct a dam provided, before the construction, it has a bona fide lessee that will pay such an amount as will meet the amortization charges and interest charges.



We have provided here, gentlemen, in this bill, a business proposition—the construction of these dams on a sound financial structure.

The Government of the United States has spent altogether \$1,800,000,000 on the rivers and harbors of this country, but not one dollar has it gotten back and not one dollar of interest has it received on this vast amount of money; and the Treasury never will get back any of this principal or interest.

On the Ohio River alone the Government has expended \$120,000,000, without any expectation or hope of its return or of one dollar of interest on the money.

Did you ever hear of the Cape Cod Canal? Not one nickel back, not one cent of interest. In this bill, what do we do? We say that the Government built the Wilson Dam. Yes; and it was built as a great war measure, at an excessive war cost, but we will make the authority amortize the entire cost of the dam over a period of 60 years. Then we go farther and say that the authority shall pay into the Treasury of the United States 2-percent interest upon the cost of the dam chargeable to power, that cost being \$30,000,000. So we not only provide for the return of all future money with interest on the money while it is being used but we go back and take this war project and get back for the Government every dollar put into the dam with interest on \$30,000,000 of the investment.

Can any gentleman on this floor cite any other war-time project where the Government is going to get back the money with interest on the investment?

Mr. LEE of Missouri. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. Yes.

Mr. LEE of Missouri. The gentleman has shown that he has considerable information upon this subject. I should like to know what difference there is between this bill and the bill of Senator GEORGE W. NORRIS, of Nebraska? Personally, I am interested in that, because I am for the Norris bill.

Mr. HILL of Alabama. I am glad the gentleman asked that question. As I go along and take up the different features of this bill, I shall try to make the differentiation.

Mr. JOHNSON of Oklahoma. And if the gentleman will yield, he will find that this is a considerably better bill than the Norris bill.

Mr. HILL of Alabama. As the Norris bill now stands, it has none of these business elements that I have been talking about. There is nothing in the Norris bill today that would cause the authority to amortize out the cost of any dam. There is nothing in that bill that would cause the authority to pay any interest to the Government for any money that might be used in the construction of a dam. This bill is on a much better business basis.

Mr. LEE of Missouri. How long has the gentleman been a Member of the House?

Mr. HILL of Alabama. Ten years.

Mr. LEE of Missouri. Well, the gentleman has been voting for the Norris bill right along, has he not?

Mr. HILL of Alabama. Many features of the Norris bill have been incorporated in different bills that we have voted for, but just to say that we have voted for the Norris bill would not tell the whole story. The House has passed a bill and the Senate has passed a bill and those bills have gone to conference; differences between the bills have been ironed out, and on two occasions the conference reports have been adopted, and on both occasions the bills were vetoed—once by Mr. Coolidge and once by Mr. Hoover—as the gentleman will remember.

Mr. LEE of Missouri. NORRIS is a good enough Democrat for me. And I am willing to follow him on this bill absolutely, without any amendment or anything else.

Mr. HILL of Alabama. I shall point out the differences as I go along if time permits. This bill provides a specific method for the return of the money expended to the Government, and the Norris bill does not.

Mr. LEE of Missouri. My opinion is that this is not as good a bill as the Norris bill.

Mr. HILL of Alabama. What will this bill cost? One gentleman this morning stated that it is going to cost the Government a billion dollars.

The SPEAKER pro tempore (Mr. MARTIN of Oregon). The time of the gentleman from Alabama has expired.

Mr. McSWAIN. Mr. Speaker, I yield 10 minutes more to the gentleman from Alabama.

Mr. HILL of Alabama. The bill authorizes the authority to issue \$50,000,000 worth of bonds, the authority, of course, to pay the interest upon the bonds. Then it authorizes appropriations by Congress. It further authorizes the authority to use any profits it may have after it has met its amortization charges and paid its interest charges, but besides the \$50,000,000 authorized for bonds this authority cannot spend any money except what profits there may be and what the Congress of the United States sees fit to give it. This means that a bill has to be passed through both Houses of Congress and signed by the President before one dollar goes out of the Treasury of the United States for the use of the authority.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. Yes.

Mr. TABER. That is exclusive of the \$50,000,000?

Mr. HILL of Alabama. Outside of the \$50,000,000. As to the cost, the engineers of the Army have made a complete survey of the Tennessee River. They have determined where dams can be built, where they must be built for the full development of the river so as to have the maximum amount of power, and so as to give the best navigation. If every dam that can be built on the river should be built, the estimates of the engineers made back in 1928 would give you a total cost of only \$209,000,000. It was thought at the time, even though we were then in the midst of the boom, that \$209,000,000 was an excessive estimate. Today the Chief of Engineers will tell you that all of the dams can be built for 65 percent of the original estimates. Therefore the authority today could build every dam for less than \$150,000,000, and do not forget that, except the \$50,000,000 of bonds, the authority has to come to you gentlemen for every nickel it is going to expend in the construction of a dam.

As to fertilizer, the fertilizer people came to us and suggested that the best thing to do would be to make it a power project, and the power people suggested that the best thing to do would be to make it a fertilizer project.

So we took the advice of both and made it both a fertilizer and a power project, and under the fertilizer provisions of the bill the authority is authorized to lease the nitrate plants to a private lessee on terms and conditions that will insure the manufacture of fertilizer at Muscle Shoals. If the authority cannot secure a satisfactory lease, then the authority is to operate the plants there, provided that the operation proves feasible and economical.

The operation of the plants at Muscle Shoals has time and again been stated to be the great hope of the American farmer so far as the cost of his fertilizer is concerned. Why? Not because of the American fertilizer industry, if you please, but because the American farmer must buy each year over half of all the nitrogen that he uses either from Chile or from Europe, and these foreign nations have a world cartel or world monopoly that fixes the price of nitrogen, and the farmer must pay that price. The depression came and the cartel for a time went to pieces, but in the United States Daily, under date of August 20 last, we find the following headline:

Nitrate interests of Europe and Chile in compact. Agreement is negotiated for fixing prices.

What this bill would do would be to free the American farmer from his dependence upon the foreign nitrogen monopoly.

It has been stated that the Muscle Shoals plants are obsolete. Here are three advertisements of recent date advertising for sale to American farmers the very product that the big nitrate plant at Muscle Shoals manufactures, and at Niagara Falls today the American Cyanamid Co. is operating a plant which is 50 percent greater in capacity than is the Government plant at Muscle Shoals, and is turning



out fertilizer successfully and economically, using the same process exactly as that of the big Government nitrate plant.

Mr. HASTINGS. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. HASTINGS. What limitation is there upon the cost of fertilizer to the farmer, if any?

Mr. HILL of Alabama. There is a 4-percent limitation on the cost. Where the authority manufactures the fertilizer it cannot sell it for over 4 percent on the cost of the manufacture, and preference in sales must be given to farmers and farm organizations.

I had hoped I would be able to discuss the power provisions of this bill; but, of course, in the few remaining minutes that I have, this is impossible. I am sure that other gentlemen will take up this phase of the bill and go into it in detail, advising you as to the transmission lines and other provisions with reference to the distribution of power. Permit me to say that under the bill, preference is given to States, counties, municipalities, and nonprofit organizations of farmers and citizens for purchase of the power.

Mr. LEE of Missouri. Will the gentleman yield?

Mr. HILL of Alabama. I only have 3 minutes. I am sorry I cannot yield.

The dream is that the operation of this bill will not only bring industrial development through cheap power but that, first and foremost, it will carry cheap power to the domestic consumer and more particularly to the farmer out on his farm, and provisions to insure this are in the bill.

The bill, Mr. Speaker, is a part of the President's program of conservation and rehabilitation. If you gentlemen could have been privileged to talk with him about this project, as were the chairman of the committee [Mr. McSWAIN] and myself, you would have been tremendously gratified, as we were, to find the grasp and broad vision that the President has of this great question. As we sat there with him we could not but feel that here is a man who understands our time and the needs of our people and who has the pure heart to comprehend and the rectified will to choose the right course of action. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Alabama [Mr. HILL] has expired.

#### RECOGNITION OF SOVIET RUSSIA

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my remarks by incorporating in the RECORD a speech made by me at the American Legion mass meeting against the recognition of Soviet Russia.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York [Mr. FISH]?

There was no objection.

Mr. FISH. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following speech delivered by myself at the American Legion mass meeting opposing recognition of Soviet Russia, at Washington Auditorium, Washington, D.C., on Tuesday evening, April 18, 1933:

The question of granting diplomatic recognition to the Soviet Government of Russia is one of the most important and far-reaching issues before the United States, and is entitled to the most careful consideration by the American people and by our own Government officials. President Roosevelt stated just prior to election that he had an open mind on the recognition of Soviet Russia, and he desired to study the problem and ascertain the facts. As Chief Executive, it is but natural and right that he should make a thorough survey of all the facts and approach the entire issue with an open mind, as it is a tremendous problem and largely a new one to him.

Mr. Raymond Moley, Assistant Secretary of State, a member of the "brain trust", together with Mr. Tugwell and Mordecai Ezekiel, is reported in yesterday's papers as "studying the question of recognition." According to the newspaper report, he is seeking grounds on which it could be shown that recognition would be especially beneficial to the United States, and if he succeeds within the next 8 weeks the President will informally approach the Soviet Government on the question. I should like to inquire—beneficial to whom? The Communists, Socialists, pink intellectuals, and certain elements in Wall Street, including the Chase National Bank, unless the new management has had a change of heart.

I suggest that Mr. Moley might try to ascertain what the American people think about it. He might ask Senator WALSH, of Massachusetts, who filed a protest against recognition signed by

683,700 of his constituents. He might ask Senator COPELAND, the senior Senator from New York, who refuses to compromise with communism in any form. Or he might ask the American Legion, the Daughters of the American Revolution, the American Federation of Labor, the Chamber of Commerce of the State of New York, which voted 300 to 3 against recognition, and the great fraternal, patriotic, and church organizations, many of which are represented here tonight.

It has been reported that Mr. Moley had a long interview with Col. Hugh Cooper, who probably made his usual promise of a billion dollars' worth of trade. Colonel Cooper has lived so long in Soviet Russia that he has confused dollars with rubles, worth 5 cents apiece. Theodore Dreiser and William Z. Foster, both leading Communists, might also shed some light on the benefits of recognition. The American people have recently been the target for advice and propaganda of several distinguished foreigners with Communist inclinations. Is it not time that American citizens cease aping and applauding prominent foreigners such as George Bernard Shaw and Professor Einstein when they ridicule and condemn our country, and uphold and commend communism? Comrade Shaw, once a brilliant literateur, has, in his dotage, become nothing but a mere Communist propagandist, and Professor Einstein mixes relativity with Stalinism and communism wherever he goes. At the recent Shaw meeting in New York he was entirely surrounded by American bankers looking for notoriety and reflected glory from the great English Communist. It is about time New York bankers attended to their own banking business, instead of devoting themselves to foreign affiliates and liabilities such as Shaw and Einstein. It is apparently true that some of our bankers and Shaw and Einstein have much in common, as they start from the same basis—that suckers are born every minute.

Representative BECK is right, that the American people ought to have pride enough to ignore Shaw, and I add Einstein to the list of foreigners who tell us everything is rotten in America and denounce us as boobs and ignoramuses.

Senator BORAH stated recently in the Senate that there has never been, since Stalin became dictator of the Russian Government, any attempt to interfere with the governmental affairs of the United States or to seek by propaganda to interfere with the governmental affairs of this country. I do not like long-distance disputes, but what does Senator BORAH mean by interference with governmental affairs? Perhaps Senator BORAH is not familiar with the following speech of Dictator Stalin, which he made at a meeting of the American Commission of the Comintern, at Moscow, in the month of May, 1929:

"I consider that the Communist Party of the United States is one of the few Communist parties to which history has given decisive tasks from the point of view of the world revolutionary movement. The revolutionary crisis has not yet reached the United States, but we already have knowledge of numerous facts which suggest that it is approaching."

"It is necessary that the American Communist Party should be capable of meeting the moment of crisis fully equipped to take the direction of future class wars in the United States. You must prepare for that, comrades, with all your strength and by every means; you must constantly improve and bolshevize the American Communist Party. You must forge real revolutionary cadres and leaders of the proletariat who will be capable of leading the millions of American workers toward the revolutionary class wars."

Former Governor Smith, than whom no man knows more about the government of New York State and less generally about foreign affairs, and especially about Soviet Russia and the Communist Internationale, gave the Senate the benefit of his knowledge by advocating recognition, and is now being used as exhibit A by the Senator from Idaho.

Senator BORAH emphasized that President Washington, with the advice and assistance of Hamilton and Jefferson, had accorded recognition to France while the Committee of Public Safety was still in control of that country during the French Revolution. Why not? What has that got to do with the present situation?

No competent person questions the stability of the Soviet dictatorship or that it is a de facto government. Personally, I am willing to concede that it is not our business what kind of government exists in Russia, or any other nation, unless it be Cuba, in view of our obligations under the Platt amendment. I would gladly support recognition of Soviet Russia tomorrow if it had a socialist government, or any kind of a government that did not insist on interfering or meddling with our domestic and internal institutions by urging, through the Communist Internationale, with headquarters at Moscow, strikes, riots, sabotage, and industrial unrest, and the overthrow of our republican form of government by force and violence.

The recognition of the Soviet Government, controlled by the Russian Communist Party, which seeks to sow seeds of class hatred, atheism, and world revolution in every non-Communist country, would be a lie to international law and to official diplomatic relations. Former Secretary of State Elihu Root summed up the American position in the following able and concise statement: "The recognition of one government by another is not a mere courtesy. It is an act having a definite and specific meaning, and it involves an acceptance by the recognizing government of the principles, purposes, and avowed intentions of the recognized government as being in conformity with the rules which govern the conduct of civilized nations toward each other. For the United States to recognize Russia would be to publicly acknowledge that the avowed purpose of the present Russian Government to overthrow our system of government is consistent with international friendship. Of course, that would be a lie."



It seems to me that there is no room for argument. The American people will not compromise with any attempt of a foreign government to interfere with our domestic institutions, and, of course, will not tolerate the revolutionary activities and vicious and diseased propaganda of the Communist Internationale directed at our civil liberties, our free institutions, and our form of government. I decline to argue whether the Soviet Government is strictly responsible for the acts of the Communist Internationale further than to quote Zinovieff, formerly head of the Communist Internationale, regarding its relations to the Soviet Government: "It is the foundation and roof of the same building; one belongs to the other." The Russian Communist Party, the Soviet Government, and Red Internationale have interlocking directorates, and all three take their orders from the political bureau headed by Stalin and Molotov. Its fundamental aim is world revolution and the establishment of a soviet dictatorship throughout the world by force and violence.

We do not intend to recognize Soviet Russia, because we do not propose to have the soviet consulates established in all our industrial cities, north and south, to become nests of Communist propaganda and class hatred, as they have done in Germany, China, and elsewhere. We are not afraid of such revolutionary propaganda in our midst, but we do not propose to admit it any more than we would such dread diseases as leprosy, bubonic plague, or typhus. We have plenty of preventive hygiene in the United States and many wonderful modern hospitals and able surgeons, and could segregate and take care of such contagious diseases, but, naturally, we don't admit them.

It is a libel against the American people to say that they are afraid of Communist propaganda. Why, the Regular Army, National Guard, American Legion, and Veterans of Foreign Wars could—using a Russian word—"liquidate" all the Communists in the United States in a few weeks' time, in case of any attempt at a Communist revolution. But, in the midst of our present economic crisis, it would be foolhardy to recognize Soviet Russia and thereby permit the Communist Internationale, under diplomatic immunity, to become established in our industrial cities, in the Farm Belt, and among the Negroes of the South to provide organized leadership to revolutionary activities in the United States.

Recognition of Soviet Russia, in order to strengthen our hands against Japan, is preposterous. I do not care a tinker's damn if Japan and Soviet Russia fight it out for Siberia or Manchuria. I am opposed to sending a single American soldier to police Manchuria. I am opposed to acting as a wet nurse to foreign nations, or picking the aggressor nation. I am opposed to any war with Japan except for defense.

I am sick, tired, and disgusted with the so-called "Stimson note-sending policy", any time the Japanese took a Manchurian town or a Japanese soldier tried to cut off a Chinese pigtail. It is the height of hypocrisy for the United States to be passing moral judgments on other countries, in view of our Monroe Doctrine, the seizure of the Panama Canal, and our adventures into Haiti and Nicaragua. Let us cease sticking out our tongues and making finger noses at Japan, and above all stop this maudlin and senseless talk of recognizing Russia in order to punish Japan.

#### MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I yield myself 1 minute for the purpose of making a statement.

I wish to say that I think the distinguished gentleman from Michigan [Mr. MAPES] unwittingly did an injustice to the minority members of the Committee on Military Affairs in connection with the debate upon the rule. It is a fact that party lines have never been drawn in the Committee on Military Affairs, and as far as it may ever be in my power to control it, they never will be so drawn. I wish to say that the minority members of that committee, during the discussions in executive session, while they are bitterly opposed to the principle of the bill, offered at times helpful and constructive suggestions; and I acknowledge that their ideas as business men, with reference to how, even though they are opposed to the proposition, it could be made to work successfully for the benefit of the whole country, have been worthy of our consideration, and in some cases of our adoption. This bill is the joint product of the 25 individual members of that committee sitting around the table with earnest desire to do what they think is best for all the people. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from South Carolina [Mr. McSWAIN] has expired.

Mr. JAMES. Mr. Speaker, I yield 20 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, the bill which is now before us, known as the "Tennessee Valley authority bill", is another item in the administration's program and another instance where President Roosevelt has prepared in advance the principles of a measure which he desires to have enacted by Congress.

I shall direct my remarks to one feature which today is not the biggest item—namely, Muscle Shoals. Muscle Shoals has become a political byword. There never was a project calling for the expenditure of the taxpayers' money which had less intrinsic merit and which was accompanied by more insidious propaganda. This project was conceived and born in the brains of lobbyists. It was nurtured by politicians. It was developed by selfish interests. It has come down through the years with this type of support and without virtue of any sort.

It is this background of Muscle Shoals to which I desire to make particular reference, and therefore I ask the indulgence of the House while I place before it, almost in chronological order, the history of these years of lobbying and political activity.

The source of my information, I may say to the House, in addition to that gained through my own personal association with the subject since I have been a Member of this body, is the report of the Select House Committee to Investigate War Expenditures. This committee, during the second session of the Sixty-sixth Congress, conducted a thorough investigation of the Muscle Shoals project and came to the conclusion that President Wilson's development of the Muscle Shoals was but the culmination of years of effort and striving on the part of certain interests to induce the Federal Government to dam the Tennessee River for the production of hydroelectric power. I shall briefly trace the history of these efforts as brought out in the committee's report.

It appears that one J. W. Worthington, of Sheffield, Ala., was one of the first persons to take an interest in the development of Muscle Shoals for power purposes, and the report states that he began to have conferences with Senator Morgan, of Alabama, about the project as early as 1901. In 1905, Senator Morgan prepared a report on the subject of Muscle Shoals. The following year Worthington interested a gentleman named Frank S. Washburn in the project, and these two persons immediately organized the Muscle Shoals Hydroelectric Power Co., a subsidiary of the Alabama Power Co. Afterward, it seems, Washburn became interested in the fixation of nitrogen from the air, and in 1908 he formed the American Cyanamid Co., of Niagara Falls, Canada.

The Muscle Shoals, of course, are a shallows in the Tennessee River, which from the earliest times had been an obstacle to navigation. As early as 1828 Congress donated to the State of Alabama a large quantity of land in order that the State might sell the land and with the funds realized construct a canal around the rapids. A canal was later built, but it was found to be inadequate and was subsequently abandoned. In 1890, however, the Federal Government, at a cost of over \$3,000,000, built a larger canal around the rapids, and this canal remained in use until the Muscle Shoals area was developed during and after the war.

Constant and persistent efforts were made from time to time to get Congress to abandon the canal and build a series of dams, under the guise of navigation improvement, but for the real purpose of developing hydroelectric power for commercial purposes. In 1907, the then Representative from the Muscle Shoals district introduced a bill in this House which would have permitted the Muscle Shoals Hydroelectric Power Co., which Worthington and Washburn had organized, to build three dams in that vicinity, the Federal Government to pay the cost of the locks and the expense of building the dams and the power company to sell the power under Government regulation. The bill was referred to the Rivers and Harbors Committee but was never reported to the House. In the succeeding Congresses similar bills were introduced, usually by the same Representative, but no action was ever taken on them by the committee.

The Rivers and Harbors Act of 1907 provided for the appointment of a Board of Engineers to examine the Muscle Shoals with reference to permitting the improvement of that stretch of the river by private capital, and in a report



afterward made the Board took the position that no portion of the expense of any improvement along the lines of the Muscle Shoals Hydroelectric Power Co. proposal should be borne by the United States. As an exhibit to this report, there appears a memorandum prepared by Frank S. Washburn in which he contended that the Government should assist his company in building the dam.

In 1908, the Rivers and Harbors Committee requested the Board of Engineers to review their previous report, and after doing so the Board adhered to its previous recommendation. Two years later a similar request was made upon the Board, and a report was subsequently submitted which became known as "Document No. 20." At hearings conducted by the Board of Engineers, Washburn and Worthington appeared and insisted upon their plan for Government co-operation. Their final proposal was that the Government should finance the building of a dam and hydroelectric plant at a cost of \$18,700,000, of which the Government was to contribute \$8,575,000 as the amount attributable to navigation improvement and a further sum of \$1,750,000 for flowage rights. The power company was to lease the dam for 100 years and was to repay the Government during that time for that part of the project attributable to power development. Interest was to run at 3 percent, which was about half what the company would have had to pay private capital for a loan.

This report of the engineers served as the basis for an item in the river and harbor bill of 1915 calling for an appropriation of \$150,000 for the completion of surveys, and so forth, looking to the improvement of the Tennessee River in the vicinity of Muscle Shoals for the purpose, as stated in the bill, of—

Navigation, combined with the development of water power by the United States alone or in cooperation with private interests.

After a bitter debate in the House, during which the real purpose of the appropriation was exposed, the provision was stricken from the bill on motion of Representative Lenroot, of Wisconsin. Mr. Lenroot quoted from the report of the Board of Engineers to show that the proposed appropriation was not for the purpose of furnishing information to Congress, but that it was considered necessary in order, to quote the report of the board, "that there need be no unnecessary delay in active prosecution of the work whenever it is authorized." He argued that to vote for the appropriation was to vote to commit the Federal Government to an \$18,000,000 expenditure out of the Public Treasury and a 100-year lease to a water-power monopoly.

The water-power monopoly referred to by Mr. Lenroot was the Alabama Power Co., which prior to the World War had bought up all available power sites along the Tennessee River, including land in the Muscle Shoals area.

During 1915, Worthington appeared before the Rivers and Harbors Committee, of which I was then a member, and presented an elaborate plan, and also a book, setting forth the advantages of the Muscle Shoals proposition. In May of that year a group of Senators and Representatives visited Muscle Shoals at his invitation. As a member of the Rivers and Harbors Committee, I accompanied the delegation; and, while I was impressed with the possibilities of Muscle Shoals, I did not feel that the Federal Government should subsidize a private power venture under the guise of a navigation improvement.

In referring to this visit of Members of Congress to Muscle Shoals, the report of the Select Committee to Investigate War Expenditures says:

Even this congressional visit did not seem to create a sentiment in Congress favorable to the proposition advanced. After these visits, Mr. Worthington decided that the only way to procure Federal aid in the improvement of the Muscle Shoals would be to persuade the Congress that it was necessary to procure nitrogen for war purposes, in the event we became involved in the war.

The basis for the foregoing statement may be found in the testimony of Worthington before the investigating committee, when he said:

I then decided that the only hope for the development of the great possibilities at Muscle Shoals, and at other points on the

Tennessee River, would probably be that Congress would have to decide—or the Government would have to decide, certainly so if we went into the war—upon some plan of providing the country with the needed supply of nitrogen.

Worthington and Washburn at once changed their plan of campaign. In connection with the agricultural appropriation bill for 1917, the House Agriculture Committee, at the request of Representative Heflin, held hearings on the advisability of erecting a nitrate plant, to which the Government was to contribute \$20,000,000, or half the cost. The origin of the proposal was, of course, in Messrs. Worthington and Washburn, and the latter appeared before the committee and argued in behalf of the proposition. The committee, however, declined to take favorable action. A similar measure was advocated by Mr. Washburn before the Senate Agriculture Committee.

In March 1916 there was reported to the House a bill which subsequently became known as the National Defense Act. Section 82 of the bill—which, by the way, was so short and unobtrusive as to attract little attention—provided for an appropriation of \$20,000,000 for the fixation of atmospheric nitrogen by the development of water power or other means. No particular site was mentioned for the location of the plant. However, it was freely charged on the floor that this provision was only a subterfuge to secure Federal capitalization for the development of Muscle Shoals, a proposition which had been definitely rejected on its merits. There was ample evidence to support this allegation. For example, in the report of the Military Affairs Committee the argument in support of the nitrate section of the bill consisted wholly of a lengthy quotation from the testimony of this same Washburn before that committee.

The day after the bill was reported to the House Mr. Worthington sent the following telegram to a gentleman in Florence, Ala., who was chairman of a so-called "Muscle Shoals finance committee", a propaganda organization:

Will you please extend my thanks and hearty feeling of congratulations and encouragement to the courageous, upstanding, constructive people of Florence, and tell them that the bill [was] introduced in the House by the Military Affairs Committee authorizing the development of water power and construction of atmospheric nitrogen nitric-acid plants. \* \* \* Our efforts supported by the lead of Florence secured the authorization for the proposed development, and if Florence will stand pat, put up, and see us through, we will get these plants. The total development with fertilizer plants to cost \$50,000,000.

J. W. WORTHINGTON.

I draw the attention of the House to Mr. Worthington's words, "Our efforts \* \* \* secured the authorization", and to the claim that they would get the plants although no site was mentioned in the bill.

Under the provisions of the nitrate section of the bill the selection of the site was to be left to the President. However, it was evident in the debates that everyone knew that Muscle Shoals was in the minds of the sponsors of the proposal. One southern Representative admitted that he had what he called a "selfish interest" in the nitrate provision, saying that he hoped it was not unfortunate for the project that the best water-power sites were located in the South.

Representative Lenroot, of Wisconsin, who was later a Senator from that State, paid his respects to the nitrate provision of the bill as follows:

This lobby has gone before the Committee on Rivers and Harbors and urged this proposition as a navigation proposition. They have gone before the Committee on Military Affairs and urged it as a preparedness proposition. They have gone before the Committee on Agriculture and urged it as a fertilizer proposition, and they have now been successful in getting this thing in a very ingenious form in the amendment that is now before us, very innocent appearing on its face, although they have not all they want nor what they hope to get at the hands of these conferees.

The late Nicholas Longworth referred to the nitrate proposition as "the old wolf in sheep's clothing", and at a later date, in speaking of the same provision, he said:

What is this so-called "nitrate proposition"? It is a scheme to spend \$20,000,000 of the people's money absolutely uselessly, so far as they are concerned, and the inherent vice of it all is that this money is being taken under false pretenses. In the name of national preparedness we are going to spend \$20,000,000, and this



is but an entering wedge, for eventually it will cost millions more if carried out upon a scheme which has nothing whatever to do with national preparedness, upon a scheme which, when advocated on its real merits, has been repeatedly repudiated by Congress.

With what prophetic vision Mr. Longworth spoke when he said that this provision was but an entering wedge, and that it would eventually cost many millions more!

After considerable debate on the nitrate provision, the House eliminated it from the bill by a vote of 224 to 180. However, it refused to stay dead. When the bill reached the Senate, Senator Underwood and others started a movement to reinsert the provision. The same charges that had been made against it in the House were reiterated in the Senate. Senator Kenyon, of Iowa, in speaking of the proposal, said:

Mr. Washburn's plan, which is very similar to the plan set forth in Document No. 20 has been elucidated by him before the Military Affairs Committee of the House, before the Committee on Agriculture of the House, before the Committee on Agriculture of the Senate, and the plan is substantially the same plan, with some variations, as the one the Army engineers reported in favor of. That is why I have said that, in my judgment, the evidence is sufficient to show sufficient basis for the statement made that under the Underwood amendment we might just as well write the location Muscle Shoals.

The Senate adopted the nitrate provision after it had been considerably amended, but its essential character was not changed. The bill was sent to conference, and further changes were made there. When the conference report was considered in the House and Senate, the old charges were renewed, but to no avail. The conference report was agreed to and the nitrate provision became law.

As finally enacted, the provision gave to the President the authority to determine the best, cheapest, and most available means of manufacturing nitrates and to construct, maintain, and operate plants for its manufacture, and dams and powerhouses for the generation of electricity to be used in its production. An initial appropriation of \$20,000,000 was provided for carrying out the purpose of the act.

Although the National Defense Act was enacted in June 1916, nothing was done under the nitrate-plant provision until early in 1917, at which time a committee of scientists, appointed by the National Academy of Sciences at the invitation of the Secretary of War, made a report stating their recommendations. In the meantime, the Chief of Ordnance of the Army, General Crozier, had requested Dr. Charles L. Parsons, then chief chemist of the Bureau of Mines, to go abroad and make a study of nitrate production for the War Department. Later the Secretary of War appointed a so-called "nitrate supply committee", headed by General Crozier and containing among its membership some of the former members of the committee named by the Academy of Sciences. This committee reported to the Secretary of War on August 21, 1917, recommending that \$3,000,000 be set aside for the building of a nitrate plant using the synthetic-ammonia process developed by the General Chemical Co. Our friend Washburn, of course, was interested in the cyanamide process. This report was submitted to the President by the Secretary of War, and the latter was then directed to carry out the recommendations.

Thereupon the nitrates division of the War Department took steps to obtain a site for the proposed plant. Under the direction of Colonel Joyes, of the Ordnance Department, an investigation of proposed sites was made, involving some 60 locations. In his report Colonel Joyes strongly recommended Chattanooga, Tenn., for the location of the plant. The nitrate supply committee had previously recommended that the plant be located at a site somewhere in southwest Virginia or adjoining territory in West Virginia near to the sulphur, sulphuric acid, and coal supplies of that region.

In his letter of September 22, 1917, submitting the recommendations of Colonel Joyes to the Secretary of War, General Crozier added his own recommendation of the Chattanooga site. It was brought out in the hearings of the Committee to Investigate War Expenditures that on the

margin of this letter General Crozier had written in long-hand the following postscript:

The President has selected Sheffield. So informed by Secretary of War 9/28.

Just why the President selected the Sheffield site the committee was unable to determine. However, it made the following statement in its report:

A fair and candid consideration of the facts cannot fail to the conclusion that the location of nitrate plant no. 1 at Sheffield, Ala., was the result of a concerted plan for the improvement of that locality and the development of the hydroelectric power plant at the Muscle Shoals, and was the culmination of years of effort in that direction, some of which efforts have been hereinbefore briefly outlined, and efforts in which the President and the Secretary of War heartily concurred.

President Wilson's selection of the Sheffield site conclusively proved the statement made by Representative Longworth, when the nitrate-plant provision was written into the National Defense Act, that this provision was really the "old wolf in sheep's clothing."

All appearances indicated that the selection of the Muscle Shoals site for the proposed nitrate plant was a political move. A distinguished Member of the House from Illinois, Mr. Graham, stated on this floor on May 18, 1922, that it originated in the desire of President Wilson to build up one section of the country at the expense of the Public Treasury under the guise of a war necessity. Representative Longworth often inquired why, if the nitrate plants were erected as a war measure, they were placed where not an ounce of water power could be produced for several years. The answer, of course, is that it was pork-barrel legislation, pure and simple.

It appears that during the summer and early fall of 1917 there was a great deal of discussion in the War Department relative to the construction of additional nitrate plants. The War Expenditures Committee determined, as a matter of fact, that the nitrate program then determined upon—

Originated with the War Industries Board of the Council of National Defense—

To quote the report of the committee—

and is directly traceable to Mr. Bernard M. Baruch, chairman of that board, who admits that he was the moving spirit in the plans of the Government.

The report further states that it was "obvious that Mr. Baruch was conferring continuously with Mr. Frank S. Washburn as to this matter."

In spite of the fact that practically all of the scientific advice sought by the War Department was to the effect that it was not desirable to embark upon an extensive construction of nitrate plants, the decision to do so was made by those in authority. Col. J. E. Hoffer, Chief of the Gun Division of the War Department during the late war, testified before the investigation committee that he had participated in several conferences at which our friend Washburn was present and in which the advantages of the cyanamide process of nitrate fixation was set forth and discussed. He stated that at these conferences the decision was reached to develop the Muscle Shoals project. The report of the War Expenditures Committee makes the following statement with reference to Mr. Washburn's participation in this decision:

Colonel Joyes at once entered into negotiations with Mr. Washburn and the American Cyanamid Co. for the construction of a cyanamide-nitrate plant at Muscle Shoals, Ala. There were several conferences during the summer of 1917, and some investigations were made as to the desirability of building a nitrate plant or plants at other places than at Muscle Shoals. However, Mr. Washburn at all times seriously objected to having such a plant put at any other location. For instance, there was a plan to build two plants of smaller capacity, one to be located at Keokuk, Iowa, where there was a very considerable amount of hydroelectric power immediately available, and the other to be located elsewhere; but Mr. Washburn would not consent to this, and the Department concurred in what he said.

The proposals considered for the building of additional plants were those of the American Cyanamid Co. to develop Muscle Shoals. Washburn's initial proposal contemplated



his ultimate ownership of the plant, which was to be built at Government expense and turned over to him after the war. Another proposal contemplated his ownership of only the ammonia plants. It was finally agreed, however, that the project would be built on a cost-plus basis, the exclusive ownership to be in the United States.

The report of the investigating committee makes an interesting comment on the reason for the location of nitrate plants nos. 3 and 4 in Ohio. The older Members of the House will recall, as I have already brought out, that the late Nicholas Longworth was always a bitter opponent of the proposed development of Muscle Shoals, regardless of the form which the proposal took. Even before the nitrate plants were authorized under the National Defense Act of 1916 he had called the attention of the House to the real purpose behind the movement.

The report of the committee has this to say about the Ohio plants:

The site selected by the War Department for nitrate plant no. 3, at Toledo, Ohio, was entirely unsuitable for the location of such a plant, it being surrounded by water and otherwise largely inaccessible. The site selected for nitrate plant no. 4, in the Little Miami Valley, near Cincinnati, Ohio, was equally unsuitable, in a locality where construction was costly, labor hard to accommodate, and with high prospective expense for transportation of raw materials.

It is evident that criticism of the nitrate program and the location of nitrate plants nos. 1 and 2, at Sheffield and Muscle Shoals, by Ohio Representatives in Congress was the inducing cause in the location of plants nos. 3 and 4 in Ohio, in an unsuccessful effort to quiet and assuage such hostile criticisms.

When the decision was made to build nitrate plant no. 2 at Muscle Shoals, Washburn and his associates concluded that it would be advisable for them to form a subsidiary corporation to build this plant for the Government. Washburn then formed the Air Nitrates Corporation, with a capital stock of \$1,000, largely owned by himself. It appears that Washburn had at least two reasons for forming this dummy corporation, the first being to avoid taxes on the parent company, the American Cyanamid Co., and the second to avoid subjecting the assets of the parent company to liability in connection with the planning, construction, and operation of the plants.

It is interesting to note that while the estimated cost of plant no. 2 was first placed as \$16,000,000 and then later raised to \$30,000,000, its actual cost up to December 31, 1919, was approximately \$70,000,000. Of course, Washburn's \$1,000 corporation, working on a cost-plus basis, had no incentive to hold down the cost.

Of the funds used for the construction of nitrate plant no. 1, about half were allocated from the \$20,000,000 appropriation under the National Defense Act of 1916 and the remainder from an appropriation made for armament of fortifications, which was not contemplated by Congress to be used for that purpose. The entire amount spent in the construction of plant no. 2 and the two Ohio plants was allocated from this latter appropriation. These plants, therefore, were not subject to the restrictions laid down in the National Defense Act. Wilson Dam, like plant no. 1, was begun with appropriations from the fund provided by the National Defense Act.

The responsibility for the development of the Muscle Shoals area is squarely laid at the feet of President Wilson in the following finding of the War Expenditures Committee:

The responsibility for the location of United States nitrate plants nos. 1 and 2 and the building of the Muscle Shoals Dam rests upon the President of the United States. Plant no. 1 was located at Sheffield by his orders, contrary to the advice and report of every board or officer who had theretofore considered the matter. Plant no. 2 was located at Muscle Shoals by his direction, also contrary to the recommendations of the technical experts who had investigated plant sites. The Wilson Dam was ordered to be built by the President and that at a time when he must have known it could not be completed with the funds available for that purpose, and that it could not be completed in time to be of service during the war.

When the war ended, we had two nitrate plants at Muscle Shoals and had laid the groundwork for the construction of Wilson Dam. The nitrate plants had produced no nitrates

during the war, thus fulfilling a prophecy made by the late Nicholas Longworth on May 20, 1916, when he said:

Without posing as a prophet or the son of a prophet I venture this prediction, that not a pound of nitrogen will ever be made at this plant for the use of the Government in time of war.

Instead of suspending work on Wilson Dam when the war ended, President Wilson ordered the work continued through the use of unexpended funds previously appropriated and with moneys transferred from other funds. In April, 1921, work on the dam was temporarily stopped because further funds were not available. With respect to the continuation of the work after the armistice, the report of the War Expenditures Committee has this to say:

It is obvious that it was the purpose of the War Department, after the signing of the armistice, to put the work at Muscle Shoals in such condition as to compel Congress to make further appropriations to add to and complete the improvements and plants begun at that place during the war. When hostilities had ceased, an uncompleted steam-power plant costing \$10,000,000 was rushed to completion; the Waco quarry has been acquired, and \$60,000 has been expended for land for the same; a modern electric plant, industrial village, transmission lines, and railroads have been completed for the Alabama Power Co. at a cost of over \$5,000,000, while work on the dam has been suspended by the Priorities Board, when it was known an armistice would be signed, on November 9, 1918, work was ordered recommenced and rushed, although it was known by those giving these orders that there were not sufficient available funds with which to complete the dam.

The folly of the whole nitrates program is evident when we realize that all the nitrates used by this Government for all purposes during the war were produced in the United States by the byproduct coke ovens of the country or imported from Chile. However, we have Muscle Shoals on our hands, and it is up to the Congress and to the President to make the best of a bad situation. What has been done cannot be undone.

The House is familiar with the plans that have been brought before us for the disposition or operation of Muscle Shoals since the war ended. We have had an offer from Henry Ford to buy the plants; we have had offers from fertilizer and power companies to lease the project; but no sale or lease proposition has ever passed both Houses of Congress and been submitted to the President except as an alternative in bills providing for Government operation. We now have before us the plan of President Roosevelt as modified by the Military Affairs Committee.

It will be recalled that in 1925 President Coolidge appointed a commission to determine the best, cheapest, and most available means for the production of nitrates, and this commission recommended that private operation would be the most advantageous course possible, both for the Government and for the public. However, due to the limitations which Congress has placed in all leasing plans, such as the requirement that the lessee shall manufacture fertilizer and guarantee to produce a fixed quantity of nitrogen annually, private capital has found it impracticable to submit a bid which would be acceptable.

I am unalterably opposed to Government operation of Muscle Shoals. My opposition is based not only on the fact that I am against Government competition with private business as a matter of principle, but on the further fact that it would mean the expenditure of millions of dollars more on properties which have already cost the taxpayers of this country \$150,000,000 without any return.

It is proposed to produce fertilizer in the nitrate plants, neither of which is equipped for that purpose. This means the installation of additional machinery. In nitrate plant no. 1, even the existing machinery would have to be replaced, as it was never successful. Owing to changes in methods of nitrogen fixation, in which there has been a considerable advance since the war, much of the existing machinery in plant no. 2 would undoubtedly have to be replaced also. What it would cost to put these plants in condition to manufacture fertilizer apparently has never been determined, but it is certain that it would be a large amount, running into the millions of dollars. At the present time I have no doubt the Government could build a complete modern



plant of equal capacity for what it would cost to bring the old plants up to date.

So far as the Wilson Dam is concerned, we are told that it will require the expenditure of several millions of dollars to bring the hydroelectric plant up to its maximum capacity. Then we are told that on account of the large variation in the flow of the Tennessee River it will be necessary to build Cove Creek Dam, at a site some two or three hundred miles up the river, in order to increase the primary power at Wilson Dam. This project alone will cost in the neighborhood of \$34,000,000, not, however, including the cost of a transmission line to Muscle Shoals. Thus, in order to put the Muscle Shoals project in condition for the Government to operate it, the taxpayers will have to put up millions of dollars more in addition to that already spent.

Of course, I know that under the bill it is proposed to issue \$50,000,000 of bonds for the purpose of providing funds for this expense, and that the interest on these bonds will constitute a lien upon the proceeds from the operation of the Muscle Shoals properties, but they are bonds of the United States and will be a direct charge upon the Treasury in the event the operation of Muscle Shoals is not a paying proposition. Moreover, it is not contemplated that this \$50,000,000 will be adequate to cover all probable expenses, as is stated in the report of the Military Affairs Committee.

So far as the proposed Cove Creek Dam is concerned, I know our Democratic brethren will say that President Hoover himself advocated this project. But, my friends, he did not recommend it unqualifiedly. In his veto message on the Muscle Shoals bill in the Seventy-first Congress he said:

The Federal Government should, as in the case of Boulder Canyon, construct Cove Creek Dam as a regulatory measure for the flood protection of the Tennessee Valley and the development of its water resources, but on the same bases as those imposed at Boulder Canyon; that is, that construction should be undertaken at such time as the proposed commission is able to secure contracts for use of the increased water supply to power users or the lease of the power produced as a byproduct from such a dam on terms that will return to the Government interest upon its outlay with amortization.

No such limitations are imposed on the construction of Cove Creek Dam by the bill now before us. In the first place, no previous contract for the sale of power is required, and, secondly, no stipulation is made that the operation of the dam shall be on a profit-making basis.

That the proposed dam would not return to the Government interest on its money with amortization is evident from the report of Lt. Col. M. C. Tyler, of the Army Engineer Corps, to President Hoover's Muscle Shoals Commission. In discussing the economics of the proposed power and navigation dams on the Tennessee River, Colonel Tyler said:

The Cove Creek project will have the maximum power value only if operated in public-utility service. The power plant at Cove Creek must be practically shut down 4 months during the winter of each year in order to give the greatest service during the low-water months. The value of the Cove Creek project itself for power in the public-utility system is about \$17,000,000, while the estimated cost is \$34,143,000. The construction of this project at the present time cannot be justified, as it shows a deficit of about \$17,000,000.

It has been conclusively shown that as a business proposition the Government cannot successfully operate a wholesale power business. President Hoover, in his veto message, pointed out that the probable operating cost would be in excess of \$9,000,000 per annum, while the estimated receipts, on the basis of the realizations of private companies operating in the vicinity of Muscle Shoals, probably would not exceed a little over \$7,000,000. Moreover, it must be remembered that the Muscle Shoals area is at present more than adequately served by existing private power companies having large capital investments. The Government would have to compete with these private companies for business. They are now capable of supplying more than the peak demand for power, and this demand has been steadily decreasing during the last few years. Government competition would force these plants into idleness, with a consequent loss of their capital investment. The consumer of electricity would not benefit, because it has been shown that even to

meet existing power prices the Government would have to operate at a loss, and this loss would have to be paid out of the Federal Treasury. If the power were sold at a profit, it would probably cost the consumers more than they now pay for electricity produced in private plants.

With reference to the general question of the proposed sale of power by the Federal Government, the report of Lieutenant Colonel Tyler, of the Army Engineer Corps, which was made to President Hoover's Muscle Shoals Commission, draws the following conclusions:

1. The Government's power plants at Muscle Shoals and the proposed Cove Creek development are not suitably located to serve as the main generating stations of an extensive independent power system.
2. The construction of an independent system would involve large expenditures of public funds.
3. The cost of transmitting power in such a system would be high and the reliability of service at long distances from the generating center would be poor.
4. The construction of such an independent system would be an economic waste, in that it would duplicate transmission facilities now ample to serve that region.
5. It may be expected that the deficit from the construction and operation of such system, which will have to be met by the Federal Treasury and by the general taxpayers, will largely exceed any savings from lower rates which may accrue to the limited local public need.

These conclusions were drawn by a competent, disinterested engineer, with no axe to grind, and are worthy of the most careful consideration. Of course, I know that under the bill now before us it is proposed to avoid duplicating present transmission lines by authorizing the authority to lease such lines, or if negotiations for leasing fail to acquire the lines by condemnation. While this may serve to avoid the "economic waste" referred to by Colonel Tyler, it enables the Government to drive existing power companies out of existence.

Reverting to the matter of fertilizer production, I think no one will contend that we do not, at the present time, have an ample domestic supply of nitrogen. Therefore it is unnecessary to maintain the nitrate plants at Muscle Shoals for national-defense purposes. Moreover, it has been authoritatively stated that so far as the manufacture of fertilizer by the Government is concerned, it could not be produced as cheaply as it now is being sold in the wholesale markets. The price of fertilizer has declined tremendously since the war, and there is every reason to believe that private competition and development will cause even further reductions in the price.

The bill now before us contemplates extensive experiments in fertilizer production in addition to the manufacture of nitrogen. On this point, Dr. E. P. Howard, a chemical engineer in the Department of Agriculture, a few years ago stated before the House Military Affairs Committee that he did not see any need of operating Muscle Shoals as an experimental plant, as the art of nitrogen-fixation, he said, had advanced too far ahead of that. Dr. F. G. Cottrell, also of the Department of Agriculture, stated at the same time that he felt the Muscle Shoals set-up to be too large to be efficient for the kind of experimentation he thought most worth while, and said that, in his opinion, it could be done better and more economically on a smaller scale.

Aside from the question of whether the Government ought, as a matter of principle, to operate a power and fertilizer business, it appears to me that it would be unwise and uneconomical for it to do so. Now, as to the question of Government competition with private business, there is much that might be said. However, it is unnecessary to do any more than remind the House that once begun on a large scale, such as is proposed at Muscle Shoals, there is no telling where it will end. If we are to have the Government in the fertilizer and power business there is no reason why it should not also go into other industries which are imbued with as much, or even more, of a public interest.

Instead of throwing away any more of the public money on this sectional project, especially at this time when we are endeavoring to guard the Treasury from unnecessary expense, I am in favor of selling or leasing the plants in their present condition to private capital. We have already spent



in the neighborhood of \$150,000,000 on Muscle Shoals, and to spend millions more would simply be throwing good money after bad.

It is acknowledged that we cannot get from our investment at Muscle Shoals what it has cost us, but any sacrifice that we may have to make in disposing of the plants will at least result in some return on the money already spent, whereas to spend any more in attempting to salvage our "white elephant", Wilson's folly, will only result in making it a "bigger and whiter" one. Let the properties be sold for what they will bring, or let them be leased to private capital without restriction on their use. Only in this way can there be any permanent solution of the Muscle Shoals problem. To commit ourselves to any more development in that region will only make the problem a permanent one, which will rise again from time to time to plague future generations. It would be far better, instead of appropriating more money or authorizing a bond issue, to take a complete loss of our investment to date and wipe the slate clean.

Although I stated at the opening of my remarks that I would allude only to one feature of this bill, namely, Muscle Shoals, I feel that I should, in closing make a brief reference to the bill as a whole. The measure now before us, in its present form, was introduced on Thursday after a few days' hearings on the general subject matter. We are taking the bill up for consideration today, Saturday, and will vote on it Monday. In 2 days, therefore, we are to pass upon a program of such great magnitude that it is difficult to visualize. Not only are we setting the Government up permanently in the fertilizer and power business, but we are undertaking a program for the general development of one section of the country at the expense of the Public Treasury, which may take 50 years to complete. We are committing the Government to an ultimate expenditure that may run into the hundreds of millions of dollars, and because the Executive has asked for this measure this Democratic-controlled House is going to place its rubber stamp of approval upon it without even permitting the dotting of an "i" or the crossing of a "t", and without fully realizing the consequences of its action. [Applause.]

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent that all Members who address the House upon this bill may have leave to extend their own remarks in the RECORD in connection with their remarks delivered on the floor.

Mr. LEE of Missouri. Mr. Speaker, reserving the right to object, is the gentleman asking general authority for all Members of the House to extend their remarks upon the bill?

Mr. McSWAIN. The request now made is only for the gentlemen who address the House in general debate so their addresses may appear continuously in the RECORD. I shall present the general request the gentleman speaks of at the conclusion of the debate.

The SPEAKER pro tempore (Mr. MARTIN of Oregon). Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Alabama [Mr. ALMON], who represents the district in which the Muscle Shoals properties are located, such time as he may desire.

Mr. ALMON. Mr. Speaker, Muscle Shoals is located in the northwest corner of the State of Alabama on the Tennessee River in the district which I have represented in this body continuously for the past 18 years and within 5 miles of my home. I have devoted much of my time in behalf of the development and operation of these Government plants; this is well known to the Members of the House with whom I have served during these years.

This is the greatest water-power site east of the Mississippi and south of the Ohio River. President Wilson located the nitrate plants at Muscle Shoals by the authority given him in the National Defense Act of 1916. The nitrate plants were constructed according to this act for two fundamental purposes—for the manufacture of munition in time of war and fertilizer for the benefit of American agriculture

in peace time. The plants were completed just as the war ended, and the Wilson Dam and hydroelectric development were completed afterward. We had much difficulty in securing the completion of the Wilson Dam after the war and have made various efforts to have the fertilizer plants put in operation since 1920, but have failed, due to the opposition of the power and fertilizer interests. Two bills have been sent to the White House, but neither met with the approval of either President Coolidge or President Hoover.

During Mr. Roosevelt's campaign for the Presidency he promised us that he would visit Muscle Shoals and make a personal inspection of the plants, if elected. About 2 weeks before he was inaugurated as President he made a full and complete inspection of the Muscle Shoals plants and stated publicly to my constituents that he was surprised to find the plants so large and in such splendid condition and early during his administration he would recommend legislation providing for the operation of the plants and development of the Tennessee River Basin.

On April 10 President Roosevelt sent to the Congress a special message recommending the enactment of this legislation. Afterward identical bills were introduced by Representatives McSWAIN, of South Carolina, HILL of Alabama, and myself for the purpose of enacting into law the recommendation of the President. These bills were referred to the Committee on Military Affairs of the House. This committee has considered very carefully the entire subject and has reported the bill introduced by Mr. HILL, a member of the committee, with certain amendments. The chairman, Mr. McSWAIN, has filed for your information a full and complete report on this measure from which you can secure much valuable information on the subject, and I trust that you will study the same very carefully.

I believe the President will appoint a board of directors of ability and experience for the Tennessee Valley authority and the board will select a general manager of experience and ability, and the administration of this act will be a great success. While this is local in some aspects in many others it is national, and will be Nation-wide in its scope and influence, and if a success, as is expected, the same project will be promoted in other sections of the country; as has been clearly stated by President Roosevelt.

The Representatives from Alabama and Tennessee and adjoining States have always supported legislation providing for river and harbor improvement in all sections of the country, also for the irrigation projects to recover the arid lands of the West, the construction of the Roosevelt Dam, the Cape Cod Dam, in which the Representatives of the New England States were interested, and lastly in the construction of the Boulder Dam. During all this time the Tennessee River, one of the greatest inland waterways of the country, has been neglected. Now, I appeal to the Representatives from all sections of this country in the interest of fair play that you give this measure your loyal support. [Applause.]

This legislation would give the people of that section of the Nation cheap water transportation, cheap electric power, the production of cheap concentrated fertilizer for the benefit of the farmers, provide flood control, and preserve the natural resources of the Tennessee Valley, and at the same time it will establish a great laboratory for the purpose of determining the cheapest and best method of manufacturing fertilizer, which is one of the greatest needs of agriculture at this time.

The bill expressly directs the construction by the Government of the Cove Creek Dam, a great storage reservoir on the Clinch River, a tributary of the Tennessee River. This dam will double the primary power at Muscle Shoals and all other dams on the entire river, in addition to preventing floods. It also directs the building of Dam No. 3, located 15 miles above the Wilson Dam at Muscle Shoals. This dam will increase the power at the Wilson Dam and provide 9-foot navigation for a long distance up the river toward Chattanooga. It is also provided in the bill that plant no. 2 or its equivalent be kept in readiness for the manufacture of explosives in the event of war.



We hear and talk much about farm relief. One of the greatest needs of the farmers is a cheap concentrated fertilizer. This can be made at Muscle Shoals. Nitrate plant no. 2 is one of the best plants in the world. It uses the cyanamid process, which is the best for the locality where there is an abundance of cheap power. It is said this is the only plant in the world of its kind that is standing idle. It is true that some improvements have been made on the process since plant no. 2 was built, but this is chiefly to reduce the amount of power required, and this improvement can be made there at a very small expense.

The cyanamid process is being used successfully in Canada and a number of European countries. We are even importing fertilizer into this country made by the cyanamid process in Europe.

The plants cannot be maintained for national defense unless operated for the production of fertilizer in time of peace; they would rust out and become obsolete. I have no patience with the claim of a few of the Army officers that the plants should not be retained for national defense, claiming in the event of war explosives can be purchased cheaper than they can be produced at Muscle Shoals. On what do they base such a statement? If this plant is maintained for manufacture of explosives, and we should become involved in another war, of course the Government could buy munitions cheaper by reason of having a plant of its own than if we were dependent upon munition makers, as during the last war. Congress would not have appropriated the enormous sum expended in the construction of these plants had it not been provided in the organic law of 1916 that the plants should be used for the manufacture of fertilizer for the benefit of the American farmer.

The Government operation of these plants is really not in competition with the fertilizer interest for the reason they are nothing but fertilizer mixers. They buy all the material, such as nitrogen, potash, and phosphoric acid, and mix it into fertilizer containing about 16 percent of plant food. They buy most of the nitrogen from the Chilean Nitrate Trust, a foreign monopoly, at an enormous price and, as a result, the farmers have received no benefit from the expenditure of money at Muscle Shoals which was intended for their benefit.

The power interests have opposed the enactment of all legislation for the purpose of utilizing the hydroelectric development of Muscle Shoals for the benefit of the people, and the people in that community are not securing any cheaper rates than before the power was developed at Muscle Shoals. They are paying more than twice the amount being paid in Ontario, Canada, and in municipalities which own and operate their plants.

Five of the seven Republican members of the Committee on Military Affairs have filed a minority report opposing Government operation of the fertilizer plants and the manufacture and sale of electric power at Muscle Shoals. The Organic Law of 1916, providing for this development, expressly provides that the plants shall be operated by the Government. The Government has operated the power plant for the past 6 or 8 years under the Republican administration, selling the power directly to the Alabama Power Co. for about 2 mills a kilowatt-hour, and the power company has resold it for 1 to 8 cents per kilowatt-hour for industrial and domestic purposes. One of the municipalities adjoining Muscle Shoals applied to the Republican administration, several years ago, for permission to purchase power from the Government for the benefit of the municipality, and agreed to extend transmission lines to the switchboard of the Government. A delegation of more than 50 leading citizens of that locality came to Washington and appealed to the Republican administration for permission to buy this power, but their claim was denied, and they continued to operate the plant for the benefit of the power company. So, it would seem at least in bad taste for the Republican Representatives to object to the operation of the plants by the Government. [Applause.] It does seem that they prefer the plants to remain idle and the most of the power run

to waste rather than operate them for the benefit of the people, as provided in the law authorizing this development.

Private fertilizer interest can prevent the Government operation of this plant by leasing the same from the President within 12 months from the date of the approval of this bill, as expressly provided therein.

It is claimed by the National Fertilizer Association that the production of fertilizer in commercial quantities would interfere with the business of all the fertilizer manufacturers. It was admitted before the congressional committee a few years ago by the representative of the National Fertilizer Association that the chief objection to the operation of the Muscle Shoals plants for the manufacture of fertilizer was that it would lower the price of fertilizer. It cannot be claimed that the reduction in the price of fertilizer is the cause of the losses sustained by the fertilizer mixers in recent years, for their prices have been so high and the quality of their material so inferior that the farmers have been forced to discontinue to purchase the same. That, it would seem, is the chief cause of their distress as well as the depression which is affecting the business of all industries. According to a report authorized by resolution of the Seventy-second Congress, the United States Government is at present in competition with private enterprise in 41 lines of activity. So the manufacture and sale of fertilizer by the Federal Government is nothing new. The question now to be decided is, Shall the plants at Muscle Shoals remain idle and rust out or be put in operation as provided by law when they were built? As for me and mine, I favor the operation of the plants as provided in the pending bill.

As I have said, the manufacture of fertilizer at Muscle Shoals would not be local in its influence, for it has been proven by fertilizer experts before the committees of Congress that the price of fertilizer at Muscle Shoals would control the price of all fertilizer sold in this country. So farmers from Maine to California would be benefited by cheapening of the price of fertilizer. I appeal to the Members of the House from all sections of the country to support this bill.

The enactment of this legislation will make provision for the sale of power at a fair price. The bill as amended is fair to the power interests in that no competing transmission lines will be constructed by the Government unless the power company refuses to sell their lines. This legislation will fix a yardstick for the price of power in that locality, and if the power company does not make their rates to conform to the same, let them go out of business in that locality. [Applause.]

I desire to take this occasion to express my hearty appreciation and that of the people of the Muscle Shoals district, which I have the honor to represent, for his splendid program providing for this development which has so long been neglected. I trust this legislation will be passed by both Houses of Congress at an early date and be sent to the White House, where it will be promptly approved by our great President, Franklin D. Roosevelt. [Applause.]

Mr. JAMES. Mr. Speaker, I yield 15 minutes to the gentleman from New Jersey [Mr. EATON].

Mr. EATON. Mr. Speaker, Muscle Shoals legislation has been a hardy annual and has been brought in here from time to time clad in the iron armor of economic law, but today it comes to us in the glorious garments of a great vision.

I sympathize with and understand the startling effect upon the President of the United States when he first saw Muscle Shoals. It had the same effect on me, and I came away from there thoroughly convinced, after going over various parts of the Tennessee River, that the Tennessee Basin constitutes one of the greatest natural resources that this or any other nation ever had; and I go further in the belief that eventually, in the interest of our civilization, that great, undeveloped resource will have to be developed for the service of the people there and of the Nation as a whole.

However, under our present circumstances of universal distress, I cannot possibly agree that now is the time to



bring a program of legislation before this House based upon a beautiful dream that will take \$1,000,000,000 and, perhaps, two generations to complete. We are face to face with such terrific problems creating so real a pressure upon our resources of mind and character, that I feel this bill takes in so much territory that it is absolutely dangerous.

However, I am going to discuss only two aspects of the bill. I consider this bill a recognized, deliberate governmental attack upon two great private industries—first, upon the fertilizer industry of this country; and, secondly, upon the utility interests of the country.

I may forestall all questions when I say that I am not interested financially in either one of these industries. I never have been, and the fact is that since the depression I am not interested in anything financially. [Laughter.] So I speak simply as a student of social affairs and as a citizen of this country.

This bill is very frank. It admits that it is liable to injure these industries. On page 4, section (f), the bill provides:

No member of the board shall have any financial interest in any public-utility corporation engaged in the business of distributing and selling power to the public, nor in any corporation engaged in the manufacture, selling, or distribution of fixed nitrogen or fertilizer—

Now, listen to this—

or any ingredients thereof, nor shall any member have any interest in any business that may be adversely affected by the success of the Muscle Shoals project as a producer of concentrated fertilizer or as a producer of electric power.

In other words, this bill proclaims the doctrine that the Government is ready to injure its citizens and taxpayers, but does not want any of its own agents to be injured in the process.

The fertilizer industry of this country is in distress. It has an investment of over \$300,000,000. It employs 25,000 people. It has a capacity of 12,000,000 tons a year. And it now has a demand for less than 5,000,000 tons. Only today a telegram has been sent to the President of the United States signed by 103 fertilizer companies of this country asking for consideration of their rights in this legislation.

I am in favor of utilizing our investment on the Tennessee River. I would like to see the power developed. I think we ought to build the Cove Creek Reservoir and possibly finish No. 3 Dam, because we only have about 50,000 prime horsepower at Muscle Shoals today, without these additional projects. I am in favor of developing these sources of power for greater economy and then selling this power at the switchboard to the established institutions that are now in this territory with a great investment, giving excellent service. I favor leasing the fertilizer plants to private producers on reasonable economic terms.

We have invested in the utility industries of this country at the present time nearly \$12,000,000,000. Over \$2,000,000,000 of this is held by the insurance companies of the country and other institutions of a fiduciary nature. We have millions of investors in these institutions. Our privately owned utilities employ 4,000,000 people and pay in taxes every year more than Muscle Shoals has cost. In this Tennessee territory you have between three and four hundred million dollars invested in a half dozen utilities that are reaching a population of 12,000,000 people. They are selling now about 3,000,000,000 kilowatt-hours a year, 1,000,000,000 less than they sold 3 years ago. Their productive capacity is only about one half to three fourths used today, and the bill proposes to authorize an authority at public expense to produce another billion kilowatt-hours and to duplicate the transmission lines and the power plants of existing institutions in that territory, and thus injure their investment and put them out of business.

Mr. Speaker, I do not often speak here, because I think speaking here is largely a waste of time. I have no idea that I am going to change any votes. I expect to see this measure go through by a great vote of the faithful on this side of the aisle. That is what you are here for. I just want to go on record, because in days to come some of you gentlemen who are giving birth to this beautiful child to-

day I am afraid will not be as proud of it after it grows up. However, I want to call your attention to something far more vital, far more central, in my judgment, than these economic facts and figures, great and vital as they are.

When the World War was over we began to realize that that great catastrophe was an explosion that ended an age in the civilized progress of mankind. Since then we have been in the dust and ashes of that explosion. The new pathway upon which to go forward has not yet been made plain.

When the great Russian Soviet experiment was launched I made up my mind, and have never changed it since, that when that experiment was developed it would have but one rival in the world. That was the wonderful social experiment known as "the United States of America." Either the whole world would become Russian or the whole world would become American. The two principles are as far apart as the poles, as light and darkness. Of course, they will modify each other tremendously in their application. But before civilization has settled down it must and will determine whether it is to be dominated by the Russian principle or by the American principle.

This bill, and every bill like it, is simply an attempt to graft onto our American system the Russian idea and make the Government everything and the citizen nothing.

The great ideal of American civilization is that the individual is the end of the civilizing process. Our Government exists to give him a chance to make a man of himself. The Government is the umpire in the game. When it takes the field as a player in hurtful competition with its own citizens it ceases to be American.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. EATON. I cannot stop now, because I am going strong. I will see the gentleman at Hennessey's after mass.

Getting back to where we were, gentlemen, we are going to experiment here. We have been 150 years, with now a population of over 100,000,000 people, building up the greatest social structure the world has ever seen from the point of view of the common man, by individual initiative, individual industry, individual ownership of property, with the right to cooperate. We have made vast mistakes. We have had cruelties and oppressions and outrages originating amongst us. We have had villainies without limit, as occur in all civilizations, but the fact is we have this one great, vital thing, called America, and you are now going to attempt to make it over in 3 months, by a series of legislative enactments; and you know very little about how they will work or what the results will be. It cannot be done. The patient is very sick, the world is sick, but this great patient is a vital thing, and if you leave him alone and do not try to cure him by a thousand violent experiments and quack nostrums his vast innate recuperative resources will assert themselves, and he will in due time find his feet on the highway of progress and prosperity once more.

Mr. McSWAIN. Mr. Speaker, will the gentleman yield for a question?

Mr. EATON. Yes; I will yield to the gentleman for anything he wants.

Mr. McSWAIN. I ask the distinguished gentleman from New Jersey if he subscribes to the doctrine of his own party which follows expressly the doctrine of Theodore Roosevelt laid down in 1912, that water power developed in navigable streams should be held in the hands of the public for the benefit of all the people?

Mr. EATON. I am perfectly willing to have that, but let me tell my beloved and honored colleague, this thing is very much bigger than partisanship. We hear from you how wicked the Republicans are, and we tell you how wicked you are, but the fact is that we are all in the same boat, and we should all pull together. In fact, if we do not hang together we are going to hang separately. The principle involved in this thing is very much larger than any party. It strikes at the foundation of our American civilization. I have been opposed to it for these reasons if for no other, and I am going to stay opposed to it. My vote will not



count, it will be lost, but I shall have the satisfaction of knowing that I have been faithful to my convictions, and bye and bye perhaps we will find out who is right.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. EATON. Yes.

Mr. ZIONCHECK. Did the gentleman vote for the Reconstruction Finance Corporation Act?

Mr. EATON. Yes.

Mr. ZIONCHECK. Is not that socialism in its worst form?

Mr. EATON. It is not exactly in its worst form. I think this bill is in its worst form. [Laughter.] Now, if there are no other questions, I think I had better close. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. TAYLOR].

Mr. TAYLOR of Tennessee. Mr. Speaker, in the language and in the spirit of that old-time Baptist hymnal, "This is the hour I long have sought and mourned, because I found it not." We who for the past 12 years have devoted our time and our energies to the solution of the perplexing Muscle Shoals problem are about to witness, at last, a fruition of our toil and tribulation and a realization of our dreams. As one of those who has practically lived with this subject during that long, drawn-out period fraught as it has been by a succession of blasted hopes and repeated disappointments, I rejoice indeed at the prospect of witnessing a definite and successful settlement of this issue which has beset and harassed the Congress and bedeviled a patient and long-suffering public for more than a decade. In fact, my colleagues, my "cup" of personal gratification "runneth over."

#### SHADOW-BOXING PERFORMANCE

Mr. Speaker, the only kick or consolation I got out of the Democratic landslide last fall was the assurance that the Seventy-third Congress would pass a Muscle Shoals bill which would receive Executive sanction. Congressional action on Muscle Shoals up to this time has been a purely puerile and "shadow-boxing" performance. The House would pass a bill which we knew in advance would be literally rewritten at the other end of the Capitol, and which we knew also was destined to certain veto at the other end of Pennsylvania Avenue. We repeated this ridiculous travesty until it got to be a national joke and likewise a national scandal. But behold the difference! We are considering a bill today which we have every reason to believe will be ratified in principle by the other body, and which we know will receive immediate approval at the White House. So, my friends, this old dilapidated, weather-beaten weathercock that has been used as a political football for a decade, during which time it has degenerated into a veritable congressional "white elephant", thank God, is approaching the end of its devious trail. We can already hear the death rattle in its husky throat.

Mr. Speaker, in addition to the interest I have in this proposition because of the public good I expect to see result from its enactment and operation, I modestly confess a very deep and sincere personal concern. When I tell you that the proposed Cove Creek Dam is not only situated in the district which I have the honor to represent, but is also in the county in which I reside, you can appreciate my profound interest in the measure before us. However, I am frank to say that this program possesses such tremendous merit that I would support it regardless of its geographical situation. This development in its largest sense and in its final analysis is not a local or sectional one. On the contrary, it is a national proposition which will ultimately become a vast and gigantic national asset. I supported the Boulder Dam project on the same theory, and I expect to continue to support similar improvements on the same principle.

#### IMPORTANCE OF TENNESSEE RIVER

Mr. Speaker, I wonder if the Membership of the House realizes that in point of potential hydroelectric energy, the Tennessee River is one of the greatest streams in the world.

Eliminating the Columbia, the Colorado, and the Niagara Rivers, it is the greatest in continental United States, and I am advised that few rivers in the world possess the potential hydroelectric power equal to that of the Tennessee. With the development of the power sites contemplated in the survey of the War Department, the Tennessee will produce 2,900,000 horsepower of electric energy. Including its longest tributary, the Tennessee is approximately 1,000 miles in length. Its watershed consists of more than 40,000 square miles in which reside about 2,500,000 people. This basin at present is largely devoted to agriculture, though it contains vast and important mineral deposits, particularly coal, limestone, iron, copper, zinc, and phosphate rock, to say nothing of the inexhaustible quantity of marble and limestone of the first quality. The Tennessee River is a navigable waterway, and its entire length is under improvement by the Federal Government. I am informed that it is the only river in the United States that has had a complete survey of its navigation and hydroelectric possibilities. This tremendous horsepower, coupled with the adjacent natural resources, makes the Tennessee outstanding in comparison with the other great rivers I have heretofore mentioned.

When at peace, the Tennessee is a most picturesque stream, its extreme tributaries rising among the foothills of western Virginia. Like a beautiful coil of blue ribbon it winds its way through beautiful east Tennessee, across northern Alabama, and northeast Mississippi, where it veers abruptly to the north and again crosses Tennessee, separating two of her grand divisions, and finally empties into the Ohio near Paducah, Ky. Properly stated, the Ohio empties into the Tennessee, for the reason that at low-water mark the Tennessee has a greater flow than the Ohio. But when lashed by the storm, the Tennessee ceases to be a lamb in its demeanor, and becomes a raging lion, frequently when on a rampage leaving its banks and committing horrible devastation, materially contributing to the flood destruction on the lower Mississippi. Floods occur frequently on the main stream and on the lower part of most of the tributaries. The damage done by ordinary floods is not great; however, the flood of 1926 caused damages in excess of \$2,650,000. It is estimated by the district engineer of the War Department that over a period of many years the flood destruction on the Tennessee will average \$1,780,000 annually. The program outlined by this legislation will completely solve the flood problem on the Tennessee and its tributaries, and greatly reduce flood volume and momentum on the Mississippi; and the savings from this source alone will more than amortize the capital cost and maintenance of these projects in 60 years.

#### PROPOSITION SOUND

Mr. Speaker, it has been urged by those not in sympathy with this measure that the proposition is economically unsound, because, they contend, that during the past few years it has been demonstrated that power can be generated cheaper by steam than by hydro. In the first place, they overlook the fact that this is not simply a power proposition. In my judgment, power is of secondary importance. Navigation is the primary and paramount objective; power follows, and flood control is a very important element, to say nothing of the forestation, reforestation, and conservation features. If this were an exclusively power measure, with fuel reduced in price to its present unparalleled low level, I concede that in sound economics this measure could hardly be sustained. Why, Mr. Speaker, the proposed Cove Creek Dam is located within 8 miles or less of one of the largest bituminous coal fields in the United States. It is common knowledge that during the past few years the coal industry, not only in that area but throughout the whole United States, has been suffering from a prostration and paralysis never before experienced in the history of the industry. Hundreds of mines have been forced to suspend operation, and those that are working are running only 2 or 3 days a week and on starvation wages, selling their production at prices which barely enable them to exist. But, Mr. Speaker, we are confidently hoping for a revival



in this great industry, and when normal conditions return who can say that power can be produced by steam when fuel is commanding normal prices as cheaply as it can be produced by water power?

Experience has shown us that fuel is subject to sudden and radical fluctuation, whereas water power is stable and permanent. The great Tennessee and other rivers are indifferent to prosperity and depression alike, and panics may come and panics may go, but "Old Man River just keeps rolling along." "He don't hoe 'taters and he don't plant cotton", and regardless of the fluctuations and vicissitudes with which his great competitor, Fuel, has to contend, in the language of the popular melody, "Old Man River just keeps rolling along."

#### EFFECT ON PRIVATE INVESTMENT

Mr. Speaker, recently there has been manifest a great deal of agitation among the power-company bondholders in my district, based, evidently, on the theory that this legislation will seriously impair, if not destroy, the value of their holdings. I have received hundreds of letters and telegrams from such stockholding constituents entreating me to oppose any measure that might jeopardize the value of these securities. I presume that my colleagues from the area affected are having a similar experience. I do not know whether this appeal has been superinduced by cunning propaganda or whether it is a spontaneous expression of genuine apprehension. But be that as it may, from a careful study and analysis of this bill I fail to see where its provisions can possibly do violence to legitimate private investment. It seems to me that the rights of the private power companies and their bondholders are reasonably safeguarded. Of course, this does not mean that any company whose financial structure is largely fictitious and whose stocks and bonds are based on values, or, rather, alleged values, consisting in a large measure of wind and water, will not suffer. But, Mr. Speaker, whether we pass this bill or not, private power companies cannot continue to pay interest and dividends on huge, superheterodyne stock and bond flotations that have no sound economic basis. The passage of this legislation may hasten the liquidation of such companies, if such there be. But, Mr. Speaker, can there be anything morally wrong in that premise? If they are unsound, they are destined to failure, anyhow. And while, to save their faces, they may attribute their failure to the passage of this legislation—in other words, use it as an alibi—nevertheless, everyone familiar with the facts will know that their failure was due to these unsound and illegitimate practices. No one, Mr. Speaker, has a higher regard for the sanctity of contracts than I have, and no one would oppose the confiscation of private property with greater vehemence than would I. But shall we hesitate to go forward with a great program—designed to give to the public cheaper power, to the farmer fertilizer at a reasonable price, to provide cheaper transportation facilities for our commerce, and to so regulate our streams as to prevent the devastation of constantly recurring floods—simply because, forsooth, such a program might, peradventure, conflict with the selfish interests of some private enterprise which has hawked and peddled a lot of its questionable securities to an innocent and unsuspecting public? That is the proposition in a nutshell.

I contend, Mr. Speaker, that this bill proposes to deal absolutely fairly with these power companies. As I read and interpret this measure, after power at Muscle Shoals has been employed in a maximum manufacture of fertilizer, if any power remains the board, or so-called "authority", may sell it to the power companies, having in mind the interests of the consumers, if a satisfactory price can be agreed upon. If negotiations fail to bring about such an agreement said board, or authority, before committing the Government to the construction of transmission lines, will undertake to lease the wires from the power companies or purchase them, and if a satisfactory arrangement cannot be had, then and in that event the authority may proceed to condemn such lines or construct others. Is there anything unreasonable, arbitrary, or confiscatory about this procedure? Is not this

eminent domain applied in the most just and equitable manner possible?

At one time, Mr. Speaker, as an attorney, I represented the East Tennessee Power Co. in a rather remote and unimportant capacity, and while I have not represented it for some time, in each of my campaigns my political enemies desperately seek to make an issue of this fact in an effort to injure me. Hundreds of my close personal friends are holders of the securities of this company, and I certainly would be the last person in the world to intentionally do it an injustice. In my opinion, Mr. Speaker, the apprehension of these companies that this legislation is calculated to destroy their investment is without proper warrant in fact. It will only affect these companies in proportion to the water and wind their financial structure contains.

#### THE FERTILIZER PHASE

And, Mr. Speaker, another important element contained in this proposal is the proposed manufacture of cheaper fertilizer for the benefit of the American farmers. Here is a real opportunity to give the farmer genuine relief. I know there has been a studied and persistent effort to ridicule this provision of the legislation on the ground that this proposition is likewise economically unsound. I know that the representatives of the great fertilizer industry of the United States take the position that the ingredients of fertilizer cannot be produced by the Government at Muscle Shoals anything like as cheaply as it is being produced by private capital. But, my friends, if this be true why are they so exercised about it? The farmers of the Nation, and especially of the South, are in dire need of fertilizer to stimulate and resuscitate the soil of their impoverished farms, but they cannot afford to purchase it in sufficient quantity due to exorbitant and prohibitive prices.

In the minority report filed in connection with the consideration of Senate Joint Resolution 49, in the second session of the Seventy-first Congress, bearing on the production of fertilizer at Muscle Shoals, we find the following language:

The first and direct result will be the production of a cheap nitrogenous plant food which will demonstrate to the farmers and the business people of the United States the actual cost of fixing nitrogen and of processing the same for use as fertilizer. Judging by numerous estimates made by experts, the reduction will cut the present cost of nitrogen products from 25 to 40 percent. This should break the power of the Chilean Nitrate Trust which has extracted tribute from the world and especially from the farmers of the United States, merely because Chile has a monopoly upon mineral nitrate of soda. Two hundred and sixty-five million dollars has been paid into the public treasury of Chile as the export duty upon nitrate of soda exported to the United States alone. When to this is added the exports of nitrate of soda to other countries, especially prior to the World War, the total receipts by the Government of Chile for such export tax must amount to more than a billion dollars. Thus the people of Chile have shifted a large part of their tax burden upon the shoulders of the people of other nations, merely because they possess a natural monopoly in an essential commodity vitally important in both peace and war.

Farther on in the report the committee added as follows:

If the United States Government can help break this trust team and set the farmers of this country free, it will be one of the greatest blessings that agriculture has ever received.

Mr. Speaker, thus it will be seen that for many years the farmers of America have been the slaves of the fertilizer combine. The time is at hand when they should be delivered from this thralldom, and this measure provides the necessary instrumentality.

Due to the limit of time, Mr. Speaker, I am necessarily precluded from commenting on many phases of this measure that I would like to discuss, and therefore I must hasten to a conclusion.

#### RIGHTS OF TENNESSEE AND ALABAMA

I regret very much that the committee has seen fit to eliminate from the bill the section providing certain revenues to the States of Tennessee and Alabama, for manifest reasons, out of the earnings of these various plants. Appreciating the justness of this obligation, in each of the bills heretofore passed on this subject the rights of these two States in this respect were recognized. The bill introduced by Senator NORRIS, and likewise the bills introduced by



Congressman McSWAIN and Congressman HILL of Alabama at this session each contains the following provision:

Sec. 13. Five percent of the gross proceeds received by the board for the sale of power generated at Dam No. 2, or from the steam plant located in that vicinity, or from any other steam plant hereafter constructed in the State of Alabama, shall be paid to the State of Alabama; and 5 percent of the gross proceeds from the sale of power generated at Cove Creek Dam, hereinafter provided for, or any other dam or steam plant located in the State of Tennessee, shall be paid to the State of Tennessee. Upon the completion of said Cove Creek Dam the board shall ascertain how much excess power is thereby generated at Dam No. 2 and any other dam hereafter constructed by the Government of the United States on the Tennessee River, in the State of Alabama, or in the State of Tennessee and from the gross proceeds of the sale of such excess power 2½ percent shall be paid to the State of Alabama and 2½ percent to the State of Tennessee. These provisions shall apply to any other dam that may hereafter be constructed and controlled and operated by the board on the Tennessee River or any of its tributaries, the main purpose of which is to control flood waters and where the development of electric power is only incidental in the operation of such flood-control dam. In ascertaining the gross proceeds from the sale of such power upon which a percentage is paid to the States of Alabama and Tennessee the board shall not take into consideration the proceeds of any power sold to the Government of the United States, or any department of the Government of the United States used in the operation of any locks on the Tennessee River, or for any experimental purpose, or for the manufacture of fertilizer or any of the ingredients thereof, or for any other governmental purpose.

The bill which passed the Congress in 1928 which received a pocket veto at the White House, and the bill which passed again in 1930 only to meet a similar fate, each contained a similar provision to that just referred to. Leaving the Alabama picture to be treated by the able Representatives of that great State, I shall confine my remarks on this item to the Tennessee side of the proposition. In all candor, I ask you, my friends, why, by every process of reason and common justice, are not the taxpayers of Tennessee entitled to this consideration which, in my judgment, is far below fair and adequate redress?

The proposed Cove Creek Dam will inundate and absolutely destroy for all time approximately 54,000 acres of valuable agricultural lands in Tennessee. In other words, the taxpayers of that State forever lose tax values to the amount of approximately \$1,000,000 based upon an assessment of 50 percent.

I would like to see language inserted in the bill providing that this revenue be paid directly to the counties affected, but I realize that this is a matter that will later address itself to the Tennessee Legislature.

Mr. Speaker, I hope to see the section on this subject, which was struck out by the committee, restored to the bill on the floor of the House, and at the proper time and place, if the committee will permit, I expect to make a motion to that effect. The Norris bill, now on the Senate Calendar, contains this provision, and I feel sure that it will be retained in the bill when that body acts on it. This will enable us to preserve the rights of these two States when the legislation goes to conference, regardless of any adverse action we may take here.

#### COMPLETE PROGRAM MUST NOT BE HAMPERED

Moreover, I regretted to see the committee modify the President's plan by altering the bill so as to require a showing of a certain market demand for power before other dams can be built than those expressly provided for in this measure. Again we are harking back to the power theory in contravention of the spirit and big purposes of what is known as "the Tennessee Valley improvement program." To accomplish the navigation and flood control contemplated by the President's plan, it will be necessary to complete the entire project. While a great many of the dams included in the program will be purely navigation units, there are a number of others which will combine navigation and power. Notably among the latter class is the Whites Creek project near Kingston, Tenn. I am advised by the office of the Chief of Engineers of the Army that Whites Creek presents one of the two most economical and desirable power possibilities in the entire system.

Mr. Speaker, the chairman of the Military Affairs Committee did me the courtesy and the honor to invite me to

appear and testify at the hearings on this measure. I gladly availed myself of the privilege. In my testimony before the committee I heartily endorsed the spirit and principle of the proposed legislation, and at the same time ventured a few suggestions as to amendments of a more or less important nature which I thought might improve the bill. Among the suggestions offered by me, to conform to established precedents, was one to make the board or governing authority bipartisan, and another was to reduce the terms for which the members of said authority were to hold office. I am glad to observe that both of these changes have been made. I was also very much gratified to note that the bill has been so amended as to place the construction of the Cove Creek Dam in the hands of the War Department. I think this is a very decided improvement, and I want to congratulate the committee on its wisdom and foresight in this particular, because I deem it of the utmost importance that this great public development be kept absolutely outside of the realm of politics.

And now, Mr. Speaker, I am about to conclude.

#### PREFERENCE FOR EX-SERVICE MEN

Some time ago, at the urgent behest of the President, the Congress passed the so-called "Economy Act", the effect of which will be to take \$400,000,000 per year from the ex-service men of this country, their widows, and little children. Approximately one half million veterans, their widows, and dependent children will be the victims of this cruel legislation and will suffer untold tribulation as a result thereof. I voted against that bill because I felt that it imposed a too severe hardship on those who so heroically rallied to the colors when our Nation was in peril. I have no apologies for my remarks and my vote on that occasion, because I still feel very strongly that it violated a sacred fundamental and time-honored governmental policy that has in the past distinguished this Nation for generosity to those who were willing to bear its burdens in times of stress and storm. This policy has been our greatest bulwark against the insidious and dangerous doctrine of pacifism and its attendant evils in the past, and therefore one of the greatest guarantees of the perpetuity of this Republic and its sacred institutions.

Mr. Speaker, this measure affords a small opportunity to give at least a modicum of relief to some of our ex-service men who may be physically able to work. At the proper time I expect to offer an amendment giving a preference to honorably discharged American soldiers who are otherwise qualified in the execution of this great construction program; and I sincerely trust that the amendment will be accepted by the committee.

#### TRIBUTE TO SENATOR NORRIS

In concluding my remarks, Mr. Speaker, I consider that I would be recreant in my duty if I did not pay deserved tribute to that venerable old war-horse, Senator GEORGE W. NORRIS, whose patient, constant, and heroic efforts, more than that of anyone else, has made this colossal development possible. He has worked day and night, courageously and unceasingly over a period of many years for this great measure, the fruition of which will be an eternal monument to his memory. The Tennessee Valley, the South, and the entire Nation owe him a debt of everlasting gratitude for his self-sacrifice, his grim fortitude in the face of overwhelming odds, and his incessant and unrelenting toil.

I hope to live to see Senator NORRIS and you other distinguished champions of this gigantic enterprise, both in the House and in the Senate, come to Tennessee when this program is completed. I look forward with keen anticipation to fishing and duck hunting with you on the placid surface of that great lake that will result from the construction of the dam at Cove Creek. And after we shall have regaled and satiated our appetites on fish and wild duck, I want to accompany you through the gorgeous pavilions of the Great Smoky Mountain National Park hard by—a park unequaled in sublimity and grandeur in this or any other country.



I solemnly conjure you to take advantage of the first possible opportunity presented, for verily, verily, I say unto you that with this great development east Tennessee will not only be the Ruhr of the United States but it will also be the Eden of America. [Applause.]

Mr. JAMES. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I am opposed to this bill because I believe it is leading us in a dangerous direction. I believe that it is taking the money out of the pockets of the taxpayers and putting it into something that is not going to yield a return. I think I am entitled to come before the House on the merits of the measure. When the President of the United States exhibited rare courage and sent down to the House of Representatives a measure designed to save \$500,000,000 to the Treasury of the United States and help toward putting America on the black side of the ledger, taking it out of the red, I supported him, and I supported him just as loyally and just as enthusiastically as any member of his own party. I feel that I can come here now before the House of Representatives and say to you that if I could believe that he was at all right, at all sound, I should go along with him; but ever since that economy measure was passed we have had one measure after another sent down here by the President at the behest of the professors designed not only not to inflate the structures of the country but to further deflate them. There was the farm bill, which cannot do anything else than reduce the price to the producer for everything that he produces. There was the forestry bill to spend \$92,000,000, or whatever it was, upon a wildcat scheme which would not provide a quarter as much employment as the same money would take care of the distressed, if it were used for that. There was the bond issue bill for \$500,000,000 yesterday, part of it to be turned over to the States and used by them not to relieve distress but to put them into further bond issues on construction projects for things they do not need and thereby further draw money out of the banks of the country and take money out of business. Then we have this measure designed in its ultimate effect—and I admit that you have the votes to carry it through—to go into a vast power development, a vast manufacturing development, a vast reclamation development, the cost of which is variously estimated by competent authorities to run to \$1,200,000,000.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. TABER. Yes.

Mr. GOSS. The preceding speaker said that there would be 2,900,000 horsepower developed. Our committee has heard as much as 5,000,000 horsepower, but at \$125 per horsepower, which is a fair figure and low, it would cost \$362,500,000 for that alone, on his estimate and \$725,000,000, based on 5,000,000 horsepower, just for the power alone.

Mr. TABER. That would not at all include the reclamation or reforestation or any recovery of marginal lands or anything like that.

Mr. GOSS. No.

Mr. TABER. Now, in times like this, when the prices of Government bonds are falling, when it is going to be hard for us to get credit if we do not keep faith with the Government, we must stop and think what we are doing. There is not a scintilla of evidence anywhere in these hearings of the statement that there is in this territory any demand for power. On the contrary, there is evidence that there is a surplus of power available now, and that power is not being sold at a terrifically high price. It is under control of public-service commissions everywhere, and insofar as it relates to interstate power, it is under the control of the Federal Power Commission in addition.

As far as fertilizer is concerned, the price of fertilizer in the last 5 or 6 years has been cut in two. Fertilizer today is a drug on the market and cannot be moved even at that cut price in a way that would warrant the introduction of a new plant into the picture. Why should we, with that picture, with that situation, think that we should embark the Government on a vast project of that character?

Now, let us look at our situation. Our taxpayers are suffering. Our taxpayers are at the point where many of them are obliged to compromise with their creditors. People are talking about capital levies to raise the money to take care of the Government. It will help a lot to put our factories and our mines and our railroads to work, to put another bond issue on them, which they must pay, to set up somebody else in competition with private industry! Is that not a nice thing for us to think about, especially at a time like this, when industry is suffering, when business is suffering in every way, to tax business and industry a little more to set up something in competition with them?

Let us look at another feature of this Government-in-business proposition. Most of us are not very old, but we are all old enough to carry our minds back to the time of the war. We remember that the Government took over the operation of the railroads at that time, and any of us who ever had occasion to ride on a train during that period or stand by the side of the road and see a train go by will remember that the rolling stock of the railroads and the roadbed and everything in connection with their equipment and their upkeep was allowed to get in a most deplorable and ridiculous condition. That is a sample of the way the Government does business. If the Government builds this dam at Cove Creek, if it builds this power plant to go with it, if it builds a nitrate plant to take the place of the one that the sponsor of the bill told us this afternoon was obsolete, or had never worked just right, what can we expect? I understand that is the plant which produces the large quantity. That is the way I understand it.

Mr. McSWAIN. If the gentleman will pardon me for interrupting—

Mr. TABER. Yes.

Mr. McSWAIN. The gentleman from Alabama [Mr. HILL] was referring to nitrate plant no. 1, which used the Haber process, which never was a success. Plant no. 2, so far as the demonstration was concerned, was a complete success.

Mr. TABER. But plant no. 1 was the large producer?

Mr. McSWAIN. No, no. It is just the reverse.

Mr. TABER. I beg the gentleman's pardon. I thank the gentleman for the correction. Now, if we build another nitrate plant, it will cost the Government just twice as much as it would cost private business to construct it. It will cost the Government twice as much to operate it. It will be operated just twice as inefficiently.

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. TABER] has expired.

Mr. JAMES. Mr. Speaker, I yield to the gentleman from New York 5 additional minutes.

Mr. TABER. The cost of production would be a great deal more than it would be under private operation of the plant; and under the terms of this bill you will not be able to produce fertilizer and sell it to the farmer at anywhere near the price he can buy it from private firms who operate private businesses.

Mr. DUNN. Will the gentleman yield?

Mr. TABER. I yield.

Mr. DUNN. If the Government takes over this plant, will not the consumers pay lower rates for power?

Mr. TABER. No. They will pay higher rates, because they are only allowed to sell this power, according to my interpretation of the bill, on the basis of cost plus interest and depreciation. I do not believe the Government operation of this plant and its construction of the new plant that is to be built can be done on a basis so that it will produce power to compete with privately produced power.

Mr. DUNN. Is it not a fact that in Canada the consumers are paying much lower rates than are the consumers just across the river in the United States?

Mr. TABER. I do not understand that is the situation. Perhaps it is, but I do not understand it that way. I understand they are not taking the proper factors into consideration in figuring their costs, and that they are selling power for really less than cost and that the burden is put upon the taxpayers. There is where it will be put in this case. We are spending a lot of money involving the Government in



getting ourselves into a mess. Why cannot we take this plant and be big enough to pass a bill that will lease the plants that are already there and that will produce power for a decent figure?

If we can do it on an intelligent and fair basis, we can get more out of it by a good deal than we can by entering into any other scheme.

Mr. HART. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. HART. Did the gentleman support the Farm-Marketing Act that put \$500,000,000 into competition with the grain and cotton dealers?

Mr. TABER. I am talking about this bill now. I did support it, but that bill turned out bad; and this bill is going to turn out bad. I honestly believe the gentleman himself feels it is going to turn out bad.

If we are going to be honest legislators on the things that are before us, we have got to pass on them on their merits, and when they have no merits we ought to turn them down. If we are to have economic recovery in this country, we have got to stop the wildcat projects that have been going on for years and years.

Mr. HART. Will the gentleman yield further?

Mr. TABER. I yield.

Mr. HART. The Farm Marketing Act was a bad measure of the Hoover administration. I think the gentleman's suggestion that this is a bad measure is not justified.

Mr. TABER. That was a measure put out because it was feared something worse would be passed if that was not. The framers of this measure have gone to the nth degree in trying to find something that would be just as bad as it possibly could be.

Mr. MITCHELL. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. MITCHELL. I know the gentleman is sincere in his argument. I was wondering what disposition he would make of the present investment on the part of the Government representing approximately \$150,000,000.

Mr. TABER. We have an investment of \$150,000,000 which nobody values at over \$40,000,000 or \$45,000,000, as I understand it. I would lease it to some power company that would go ahead and operate it on a long-term lease under proper governmental supervision and control as to rates; and I believe this could be done if it were put up in that way and not involve the Government in any useless performances.

Mr. MITCHELL. The gentleman is familiar with the fact that we have been making efforts for some 15 years to lease or otherwise operate the property?

Mr. TABER. So many strings have been tied around the leases every time a bill has been proposed or passed that it has been absolutely impossible to get anybody to enter into the lease.

As a result of a bill passed a few years ago, President Hoover leased the plant so that it is returning approximately \$550,000 to \$650,000 a year. The cost of operation is \$250,000. To my mind even that is better than embarking on a wildcat project such as this.

Mr. JOHNSON of Oklahoma. And that is about 20 percent of what it ought to be, is it not?

Mr. TABER. Just about. I believe we could get five times that if we went at it in an intelligent way and passed a bill that would authorize its leasing on an intelligent basis.

Mr. MITCHELL. My colleague realizes, does he not, that the very measure he has referred to was twice vetoed by Republican Presidents?

Mr. TABER. Not that kind of a measure, but a measure which had so many strings tied to it that no one could possibly operate the plant with profit; and you cannot get anybody to operate anything efficiently and intelligently unless you allow them to make a profit out of it. [Applause.]

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. BROWNING].

Mr. BROWNING. Mr. Speaker, Members who are complaining about this bill putting the Government into com-

petition with private enterprise seem not to distinguish between what belongs to private enterprise and what belongs to the public. To them it possibly would be all right for these great national resources that belong to the people to be turned over to private enterprise to be added into their charges when they assess the benefits received from the public consumption of power from their investment.

That which belongs to the public is different from that which belongs to private enterprise. The little fellow who tills his farm on the hillside nearby the Tennessee Valley is just as much entitled to the use of this public resource for a reasonable charge as the man who runs a great manufacturing establishment. The individual who is a shareholder in this national resource should at least share in the benefits of the great public reservoir of strength we have in this section of the country.

Let me mention just one project in connection with this stupendous development. Of course, dreamers and people who see visions have always been spoken of lightly at the time they dreamed their dreams or saw their visions. It may be all right to sneer at the President because he has had a great vision and a great dream with regard to this development, but my prediction is that those who are doing the sneering now will live to see the error of their judgment. With reckless prodigality we wasted the virgin forests and soil of this continent. It is time to build them back. This is a step in a farsighted policy to do that wise thing.

The engineers estimate that the development of the Cove Creek Dam will cost approximately \$34,000,000. Many believe it could be built for \$20,000,000. Even if it costs \$34,000,000, the saving which would come from the prevention of flood damage each year would within a period of 20 years amortize the entire cost of the dam. In other words, private enterprise is losing its property on an average of \$1,780,000 a year due to flood damage, which could be saved by the construction of the Cove Creek Dam. This is not an interference with private business. It is a saving to private business.

The construction of this one project, which is the key to the whole development of power in the valley, would, in my opinion, practically double the primary horsepower of every dam below Cove Creek. The pondage rights of this investment would bring more than 10 percent interest annually to the Government in perpetuity. This great project, which would convert 60,000 acres of land into a tremendous lake, as outlined by the gentleman from Alabama [Mr. HILL] in his address a while ago, would create a storage reservoir which, as I say, would double the primary horsepower of every dam below it.

The Members who have discussed this matter have overlooked the provision in the bill which provides that the Government may build other dams where power demand justifies their building and lease the power at the switchboard to private enterprise over a period of 50 years. This bill would require the complete amortization of the construction cost and likewise interest chargeable to power development to be paid for the rental by the lessee.

No man on this floor, surely, could object to this if he believes in operation by private enterprise, and in the self-liquidating projects that have been proposed by the administration, because this would be an ideal opportunity for these great projects not specifically mentioned in the bill to become realities. Two of them, we hope, are to be built below Muscle Shoals at either Pickwick or Hamburg, and Aurora, constructed by Government money when there is a guaranty of a return of not only the interest on the investment but complete amortization at the end of 50 years, and then the Government will own the great dams that have been constructed without any charge against them. A bid to meet these conditions has already been made for one of these sites, and will almost assure speedy and much-needed development.

In other words, this great national resource belongs to the people, and I am sympathetic with any enterprise, whether it is the manufacture of fertilizer or the production of power, that is about to be disturbed by progress;



but I do not think progress should be disturbed just because they are about to get in the way. [Applause.]

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Speaker, the bill now before us, H.R. 5081, is possibly the most far-reaching in its effects of any legislation that has ever had consideration in this Congress. It is a bill for the development of the Muscle Shoals for future use by the people of the United States.

When this property was originally purchased by the United States Government, during the Wilson administration, it was declared in the act that it should be kept and maintained and used for the purpose of national defense in time of war and that in times of peace it should be used to aid agriculture. It was developed during the last war for national defense, and it should ever be preserved by the United States Government so if it is ever needed for the purpose of defense again, the United States will not find itself as it did before without any plant of this nature. It means much more than would the building of large battle-ships or the maintaining of a great navy in times of peace.

The Congress, since I have been a Member of it, has twice passed a bill of this nature for the development of Muscle Shoals so it could be used to help in agricultural interests in the United States. In the year 1928 and in 1930 bills were passed by Congress and sent to the President for his approval. Both the bills were very similar to the bill now reported favorably by the committee to this Congress. A large part of the bill now before the House is the identical language of the other bills. The bill passed in 1928 met a pocket veto by President Coolidge and the bill passed in 1930 was vetoed by President Hoover.

The increasing public interest in Muscle Shoals has demonstrated how intimately it touches so many sides of life. Muscle Shoals is a great factor and a part of the great problems of conservation of natural resources and of promoting navigation and flood relief. It was stated by the President that Muscle Shoals is only an integral part of what this great development is to be when completed. On the success or failure of this bill will largely depend the future development of great enterprises of this kind.

President Roosevelt, in his message on April 10, 1933, said:

It is clear that the Muscle Shoals development is but a small part of the potential public usefulness of the entire Tennessee River. Such use, if envisioned in its entirety, transcends mere power development; it enters the wide fields of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands, and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many States and the future lives and welfare of millions. It touches and gives life to all forms of human concerns.

The field of industry will be greatly enlarged and helped by the development of this great power plant. The bill provides for the transmission of this current for a distance not to exceed 400 miles and provides for the selling and distributing of this power, so that other transmission lines may be established by private individuals or corporations and carried to the various parts of the United States.

Nothing is needed more than cheap power for development. Electricity once did not enter into agriculture in any manner, but now in many of our agricultural sections electricity is used in great quantities. In my own State, the great State of Arkansas, the pumps that pump water for rice fields are run by electricity. Electric energy now enters into almost every development of our business; and the cheaper it can be produced, the more our industries will thrive. It is now a common necessity and used in most of the homes of America where it is accessible, and it would be in many more places had we the proper transmission of power.

The principal value of this development will be enjoyed by those engaged in agriculture. In the past our farmers have had to pay an exceedingly high price for the fertilizer used by them in truck growing or farming of any character, and on account of its high cost they have been made to

suffer and pay tribute to the great interests that have been developing it. We feel that after this plant is developed, the farmer should receive his fertilizer at least 40 percent cheaper than he is now getting it.

Each time that this legislation has been before Congress, it has been bitterly fought by the manufacturers of fertilizer, for the reason that they know when this plant is developed they cannot continue to get the price they are now getting for nitrogen, phosphate, and other plant foods that enter into fertilizer. Lobbyists are here now and will camp in Washington until the final roll call in both Houses on this bill.

The farmer at home is not here, but we are here as his representatives to speak for him, and to hear his voice rather than to hear that of the lobbyist for these great concerns. I have voted for this bill every time it has been before Congress, and I shall vote for it again in the hope, and knowing, that when it passes this time that it will meet a friendly President who has the courage of his conviction to do that which is right for the people in this respect, regardless of the objection that has heretofore been made and made successfully.

It is contemplated that if this is successful, which we firmly believe it will be, that this is only the beginning of the development of the great water power that has gone to waste that should have been all the time serving man. With the passage of this bill giving to the farmer cheaper fertilizer, the passage of the farm relief bill that has passed this House and is now pending in the Senate, and the bill that passed this House providing for the relief of mortgage debt on farms and the passage of other legislation contemplated at this Congress, we feel that a new day for agriculture is near at hand.

When the President decided that we should be no longer crucified on the cross of gold and at the altar of shame, he made the greatest stride forward for agriculture that was ever made by any human being living or that has lived in the past.

There are only two things the matter with the United States, or that has been the governing cause and predominating factors in bringing about this panic that we have been living in for several months. One is the gold standard, and the other a high protective tariff. Added to that, the character of extravagance that has been carried on during the past 4 years by the administration that has just gone out of power is enough to wreck a nation.

We passed through the House yesterday a bill for the relief of the unemployed which will help take off the roll of unemployed a part of the 15,000,000 in the United States that are now out of work.

When the President of the United States, before his election, declared that what America needed was a "new deal" and that the forgotten man should be cared for, no one conceived at that time that he could accomplish in the short time the great things he has in carrying out that promise. The light of a new day is soon to dawn upon us. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield such time as he may desire to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Speaker, I favor the passage of the bill mainly because it will reduce the price of fertilizer some 50 percent. The farmers in my section of the country are large users of fertilizer, but are now operating upon such a small margin that they cannot pay existing prices for it. The fact is, the farmers of the Nation have had to reduce their fertilizer purchases from some 8,200,000 tons in 1930 to about 4,300,000 tons in 1932.

If you will multiply even the 4,300,000 tons by \$30 per ton you will get the enormous amount of \$129,000,000. At this same rate the American farmers would have spent about one quarter of a billion dollars for fertilizer in 1930. If the bill saves our growers 50 percent, and we believe it will, then the American farmers would be saved some \$55,000,000 annually and some \$125,000,000 annually when business revives. I claim this bill to be the best farm-relief legislation presented to the Congress at this session.



The Muscle Shoals problem has been before the Congress for about 15 years. Nine years ago, when I was elected to Congress, I pledged in my platform to do all possible to the end that this great plant be utilized for the production of fertilizer during peace time. Twice have I voted for this end, and twice have Republican Presidents vetoed such legislative proposals. Mr. Speaker, the time has arrived. The right man is now in the White House. His heart throbs for the common interest of the rank and file of the American people. He feels for the down-trodden and the oppressed. He wants to relieve the American farmers of existing distress. He has recommended the passage of this legislation, and soon our hopes will be realized through his signature to this legislation. President Roosevelt has the courage and vision to embrace this opportunity for the American people and utilize this huge but now idle enterprise for the common good.

The farms of the Southeast—nearly all of them—are on leached soil, which requires liberal application of fertilizer. The State of Florida is one of the largest acreage consumers of commercial fertilizer because of the character of its products. Citrus fruits, vegetables, and similar crops require large applications. Much of Florida's soil is thin soil; there is hardly a county in the State of Florida which would not benefit greatly by the passage of this bill. It will mean a saving in the fertilizer bill to my own county of some thirty to seventy thousand dollars annually. It will save Florida growers probably more than \$2,000,000 annually in their fertilizer bill. Our growers are no longer able to pay the high prices they have been forced to pay for commercial fertilizer. Passage of this legislation is imperative and is the greatest farm-relief measure that the Congress could pass. For more than 8 years I have labored for the passage of this bill and believe now, under the leadership of President Roosevelt, this worthy legislation will be promptly realized. It is folly to permit the vast investment of taxpayers' money at Muscle Shoals to remain idle, especially when our farmers imperatively need all benefits that it can afford.

About \$150,000,000 of the taxpayers' money has been expended at Muscle Shoals. Until now it has brought very little in return to the American people, but with the enactment of this legislation it will return incalculable benefits to our citizens. I shall vote for the bill. [Applause.]

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Speaker, I listened with interest to the splendid statement made by my colleague the gentleman from Alabama [Mr. HILL]. He mentioned the fact that in 1824 that prince of statesmen, that superb parliamentary gladiator, that matchless master of logic, John C. Calhoun, advocated the improvement of Muscle Shoals. His reference to Calhoun's proposal reminded me of another incident in connection with Muscle Shoals. Years ago in making a study of the policy of our Government in reference to our public lands, and in connection therewith, our policies with reference to rivers, harbors, and internal improvements, I discovered that the first grant of public land made by the United States Government for the improvement of our inland waterways was on May 20, 1828, when Congress granted to the State of Alabama 400,000 acres of land, the proceeds of the sale of which were to be used for the improvement of Muscle Shoals and Colbert Shoals, and other portions of the Tennessee River in the State of Alabama, the purpose being to construct a canal around the shoals in the interest of navigation.

More than a century ago Congress considered Muscle Shoals a valuable asset, and even then dreamers foresaw its great value and were reaching out for some feasible method by which the Government might utilize this national resource, the present and potential value of which it would be difficult to overappraise.

Muscle Shoals is the gift of a benign Providence to the American people. The Almighty, when he spoke this world into existence, and while it was plastic and still quivering

from irresistible and indescribable internal convulsions, with His swift-moving finger furrowed out and molded the Tennessee Valley and froze its rugged terrain so man might easily impound and harness the turbulent flood waters rushing from mountain to sea, and appropriate their power for the happiness and comfort of the present and all future generations.

The limited time allowed for debate will not permit me to analyze or discuss this bill. I shall support this measure, although I am not in full accord with some of its provisions.

Mr. JAMES. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Speaker, the President, in a special message to Congress, asked for dictatorial powers to reduce Federal expenditures to save the Nation from impending disaster. The message made a profound impression because of the gravity of the situation.

People throughout the country were stunned by the disclosure that our Nation was faced with insolvency because of the failure to balance the Budget.

The appeal of the President was so masterful and the exigency pictured by him so graphic and so great that the dictatorial power requested was promptly granted.

The burden of this reduction in Federal expenditures has fallen heavily upon the veterans. A majority of the veterans affected by the reduction come from the ranks of toil, thousands of whom are now unemployed and have been unemployed for a long period of time. Nothing short of the threatened collapse of our Government could have impelled our President to ask so great a sacrifice from the veterans of the Civil, the Spanish, and the World Wars.

It is fair to say, I believe, that nothing short of the appeal of the President to grant him this power to save the country would have caused the Members of the House of Representatives to vote to empower the Executive to make drastic reductions in the pensions of the veterans.

Retrenchment has been asked and demanded in the name of patriotism. Now, in the face of a deficit of \$5,000,000,000 and the dire distress of the country, the astounding proposal is made to spend \$50,000,000 now to develop Muscle Shoals. This is only the initial expenditure.

A request for dictatorial Executive power to save money is not consistent with a scheme like this to squander the public funds to dam rivers, reclaim swamps, and plant trees, even under the guise of relief.

When the measure was before the Congress, asking for unlimited power for the Executive to reduce expenditures and balance the Budget, the pleas made were so graphic and presented with such fervor that one could almost visualize as well as hear the walls of the Government crashing about our heads. Now, after authorizing the President to take from the veterans and their dependents \$300,000,000 to preserve the Government from bankruptcy and ruin, it is proposed to raise political hypocrisy to the nth degree by squandering \$50,000,000 now on the Tennessee River on a project ultimately to cost \$1,000,000,000.

It was stated here today by the gentleman from Tennessee that similar raids are to be made on the Treasury to develop river bottoms in other sections of the country.

This is not retrenchment. It is wild, unrestrained, and inexcusable extravagance, and I am opposed to this bill at this time. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Washington [Mr. LLOYD].

Mr. LLOYD. Mr. Speaker, it is fitting, I believe, that as a member of this committee and coming as I do from the great State of Washington, within whose confines is contained more than one fifth of the potential power of the United States, I should say a word upon this bill. I shall not, in the few minutes that are allotted to me, undertake to discuss the bill in logical or connected sequence, but simply make a few observations which, to my mind, may be pertinent and persuasive.

All of the arguments that you have heard from the opposition have been repeated from time to time as civilization has progressed throughout the history of man. I



assume that when the first old pirate stood upon his promontory over the only harbor where ships could land, and when it was proposed by the people of his country to make that harbor free to the shipping of the world, he believed sincerely that such an act was an infringement upon his rights of property; and I assume, too, that a hundred years ago the man who owned a toll road looked with grave misgiving upon a policy that should end in free highways for all who chose to travel.

As a matter of fact, my own manner of thought has always been on the side of the advocates of individual property rights. My people were pioneers who, before me, were taught in the stern school of individuality; so I had long been a believer in the rights of the individual to own and control property of every kind, character, and description. Time and experience and observation have caused me to depart somewhat from the habit of thought that all things are subject to rights of individual ownership and control, and I have come to classify power with our rivers and harbors and highways and public domains as one of the great gifts from a bountiful Providence which it was intended should be free to all the people for all time.

During the hearings before the committee I was constrained to give grave thought and view with some apprehension the claims of the representatives of the power companies that within this district to be affected there were investments in preferred securities of upward of \$400,000,000, the value of which would be seriously impaired by Government competition in the development of the Muscle Shoals plant. A threat, at least, to distribute the power produced, to destroy in part or in whole investments that have been made in good faith, is not to be lightly considered; but I have come to believe that in a large part these investments do not represent sound values.

I am reminded of the testimony taken before our committee of a little power project on the White Salmon River in my own State, where \$2,000,000 was spent in the complete building, financing, and promoting of that project, and then, when the plant was completely developed, the promoters bonded the water right upon which they had originally filed at a cost of approximately \$40 for an additional \$10,000,000 and sold the bonds thus secured to an unsuspecting public, making an investment of \$12,000,000 upon a plant that had cost but two million, and requiring, of course, the users of that power to pay a rate sufficient to pay interest and dividends upon six times the actual cost of the plant.

Manifestly, investments thus secured are not sound investments, and we cannot expect to require the users of power to continue to pay, through all time, upon financed and refinanced investments of this character, a charge that never was commensurate with the real investment made. I have been persuaded by the testimony taken before the committee that this scheme of financing that I have just described to you is a fair representation of the financing that has been resorted to by practically all the power projects developed under private control. There is something so intangible about the development of power that it lends itself to unsound methods. To the investor it appears as an ever-running stream which will continue through all time to furnish fair dividends and profits, but the promoter who resorts to holding companies pyramided one upon another to hide the true state of his investment seems always to forget the ever-running silver river and sees only the golden stream.

We are told that in the present state of our Nation's finances we cannot afford to expend the money necessary to this great development, and that there is no market demand for more power than is now being produced, and yet the hearings before the committee have convinced me that, low as they say the power rates are, they are at least five times too high, and it is idle to say that because the demand is not there at the present price there would not be ample demand for twice the power now developed if the price were brought down to a cost commensurate with the real investment and the users were not required to pay an ever-mounting interest charge upon the representations of a value that never existed.

On the other hand, I am not afraid to spend any reasonable amount of money to stimulate the purchasing power of the American people. I know of no way that we can start our factories and mines and mills and farms to again go forth upon the road to prosperity, except by an expenditure of money that will permit our people to have work and a new and greater purchasing power than they ever had before. The history of this Nation tells us that we never have come out of the depression by curbing the expenditure of money. We never would have come out of the depression following the Civil War but for the fact that this Government, by money and by subsidies, lent itself to the materialization of the most chimerical dream the world has ever known and builded out across 3,000 miles of wilderness a railroad that commenced at the borderland of civilization and ended in the haze of sunset. No practical man in the world could have justified that venture upon accepted business principles, and yet it was the stimulus that brought new life to a nation upon the verge of collapse.

If by the building of Muscle Shoals we can stimulate the lifeblood of this Nation and build a new industrial empire in the Southland and bring to all of our people a new vision and a new hope, whatever we spend in the way of effort and money, which is the representative of effort, will have been well spent indeed.

Our friends who decry the embarkation of Government into this field of private industry and say that this is but the entering wedge are perhaps right, but the wedge has already entered. Under the late Republican administrations the great Boulder Dam project of the Colorado River came into life and being, and it is my hope that when the finances of this Nation may be in better repair we may go one step further so that the four corners of the country may find representation in the great field of power to turn the wheels of industry as time rolls on, and when that day comes not only will Niagara in the Northeast and Muscle Shoals in the Southeast and Boulder Dam in the Southwest be living examples of what cheap power can do for the people but the great Columbia River in my own State will be pouring its billions of gallons of water over the greatest project of all time to build and create the greatest empire within this Nation.

Oh, they say that our great President who has envisioned this project is a dreamer and has only dreamed a dream. As I grow older I wonder sometimes if the practical men and the great engineers are not the intangible and uncertain things of life, and dreams, the tangible things. Dreamers have ever been derided and decried, and yet the great dreams of the world have continued to come true.

I am reminded of the great dreamer who more than 400 years ago sailed across a storm-tossed sea, and Columbus discovered a new country. Washington dreamed a dream at Valley Forge, and, from that dream envisioned there burst forth the Stars and Stripes and the hopes and aspirations of a free people. Lincoln dreamed a dream, and, when the roar of cannon stilled, that dream came true and in its realization struck the shackles from 4,000,000 slaves. Only a little way from here and a few short years ago, two dreaming mechanics dreamed a dream, and men learned to fly. Edison dreamed a dream, and a world of darkness burst forth into light. Marconi dreamed a dream, and music filled the air; and if this dream that is here decried today may yet come true to lift the burdens from the weary backs of those who toil and bring some light and happiness and gladness into a sore, distressed, and weary world, that dreamer's name will be enshrined forever in the hearts of all mankind.

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from New York [Mr. PEYSER].

Mr. PEYSER. Mr. Speaker, as a new member of the Committee on Military Affairs I have listened attentively to the remarks, both during the hearings and the executive sessions, on the Muscle Shoals and Tennessee River proposition.

I come from a district far removed from the project which is involved in this legislation, but I cannot conscien-



tiously get from under the proposition which has been looked into and advocated so strongly by the President of the United States.

It is my intention to support the President, as I supported him in the past, believing that this is only part of the general program he has mapped out. If this is one of the eight or more structures that he proposes to use to build up our Government again I am not going to weaken any part of that entire proposition. I am going to follow him right through, because I believe that the success which will follow the adoption of this measure will develop along the same lines in other parts of the country, which will be for the benefit of most of the people and for the most good.

I have listened to the arguments advanced by the opponents on the other side of the room, and I know that this is not a party program, as is evidenced by the fact that a similar measure has been supported by several Members on the Republican side of the House who are present in this Congress. I refer to the minority leader, Representative SNELL, and Representative WADSWORTH during the time he was a United States Senator.

I will not enter into the discussion of the technical side of the Muscle Shoals development for the reason that other members of the committee which has this bill in charge have been delving into its history for many years past. My only idea is to cover, in these few remarks to you, the belief that as a general proposition and as an experiment that it is worth the trial, in the effort to salvage the investment that the Government at present has in this development.

As stated previously, it is my intention to vote for this measure, and I have given you my reasons for so doing. I sincerely trust that as many of my colleagues as can see their way clear to support it will do so.

Mr. McSWAIN. Mr. Speaker, may I ask how the time stands for our benefit on Monday, for I think we have gone this afternoon as far as we can?

The SPEAKER pro tempore (Mr. MARTIN of Oregon). The gentleman from South Carolina has 2 hours and 2 minutes remaining, and the gentleman from Michigan has 2 hours and 9 minutes remaining.

#### ADJOURNMENT

Mr. McSWAIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 27 minutes p.m.) the House adjourned until Monday, April 24, 1933, at 12 o'clock noon.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. O'MALLEY: A bill (H.R. 5171) authorizing the Postmaster General of the United States to issue a series of special postage stamps in commemoration of the three hundredth anniversary of the white man's discovery of Wisconsin; to the Committee on the Post Office and Post Roads.

By Mr. BUSBY: A bill (H.R. 5172) to declare a monetary policy and regulate the value of money in accordance with paragraph 5, section 8, article I, of the Constitution of the United States, to provide for the maintenance and stabilization of the gold standard, and for other purposes; to the Committee on Banking and Currency.

By Mr. DREWRY: A bill (H.R. 5173) granting the consent of Congress to the State Highway Commission of Virginia to maintain a bridge already constructed to replace a weak structure in the same location across the Staunton and Dan Rivers, in Mecklenburg County, Va., on United States Route No. 15; to the Committee on Interstate and Foreign Commerce.

By Mr. KNUTSON: A bill (H.R. 5174) to set aside certain lands for the Leech Lake Band of Chippewa Indians in the State of Minnesota; to the Committee on Indian Affairs.

By Mr. LLOYD: A bill (H.R. 5175) to provide a preliminary examination of the Green River, Wash., with a view to the control of its floods; to the Committee on Flood Control.

By Mr. McSWAIN: A bill (H.R. 5176) to authorize the Secretary of War or the Secretary of the Navy to withhold

the pay of officers, warrant officers, and nurses of the Army, Navy, or Marine Corps to cover indebtedness to the United States under certain conditions; to the Committee on Military Affairs.

By Mr. PARKER of Georgia: A bill (H.R. 5177) to revive and reenact the act entitled "An act authorizing the South Carolina and the Georgia Highway Departments to construct, maintain, and operate a toll bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.", approved May 26, 1928; to the Committee on Interstate and Foreign Commerce.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of California: A bill (H.R. 5178) for the relief of Verale M. Drake and his dependents; to the Committee on Naval Affairs.

By Mr. CALDWELL: A bill (H.R. 5179) granting an increase of pension to Alda E. Ramm; to the Committee on Invalid Pensions.

By Mr. COLLINS of California: A bill (H.R. 5180) granting a pension to Deborah Hacklander; to the Committee on Pensions.

By Mr. DOWELL: A bill (H.R. 5181) granting a pension to Emily Knauer; to the Committee on Invalid Pensions.

By Mr. DREWRY: A bill (H.R. 5182) for the relief of George R. Slate; to the Committee on Military Affairs.

By Mr. HILDEBRANDT: A bill (H.R. 5183) for the relief of C. B. Dickinson; to the Committee on Claims.

By Mr. HOLLISTER: A bill (H.R. 5184) for the relief of Sevellon Smith; to the Committee on Military Affairs.

By Mr. JOHNSON of West Virginia: A bill (H.R. 5185) granting an increase of pension to Malinda J. Jacobs; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5186) granting a pension to Cora C. O'Neill; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5187) granting a pension to Margaret J. McClure; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5188) granting an increase of pension to Mary E. Pritchard; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5189) granting a pension to Flora Coulter; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5190) granting back pay to Auguste C. Loiseau; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 5191) granting an increase of pension to Nannie Queen; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5192) granting a pension to Samuel Edwards; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5193) granting an increase of pension to Sarah L. Smith; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5194) granting an increase of pension to Hannah Gibbs; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5195) granting a pension to Unoca Ferguson; to the Committee on Invalid Pensions.

By Mr. KNUTSON: A bill (H.R. 5196) for the relief of certain riparian owners for losses sustained by them on the drained Mud Lake bottom in Marshall County, in the State of Minnesota; to the Committee on the Public Lands.

Also, a bill (H.R. 5197) granting a pension to Louis Qual; to the Committee on Pensions.

By Mr. LLOYD: A bill (H.R. 5198) for the relief of William Fenwick Howey; to the Committee on Claims.

By Mr. MERRITT: A bill (H.R. 5199) granting a pension to Veronica Zolyomy; to the Committee on Pensions.

By Mr. REECE: A bill (H.R. 5200) for the relief of Wallace Hensley Welch; to the Committee on Naval Affairs.

By Mr. REID of Illinois: A bill (H.R. 5201) for the relief of Luke Francis Brennan; to the Committee on Naval Affairs.

By Mr. WILCOX: A bill (H.R. 5202) for the relief of Frank Anderson; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:



640. By Mr. BACON: Petition of 3,258 citizens, nearly all residing in New York, protesting against any change in immigration laws to permit admission of aliens, outside of quota, belonging to political refugee classes; to the Committee on Immigration and Naturalization.

641. By Mr. CARTER of California: Assembly Joint Resolution No. 9, State of California, memorializing Congress to adopt legislation with reference to manufacture of arms, munitions, and implements of war; to the Committee on Military Affairs.

642. By Mr. JOHNSON of Minnesota: Resolution from the commander on behalf of the Veterans of Foreign Wars, stating opposition to naval appropriations with provisos; to the Committee on Naval Affairs.

643. Also, resolution protesting the removal of the Hydrographic Office, Navy Department, from Duluth, Minn., by the Chamber of Commerce of Duluth; to the Committee on Naval Affairs.

644. Also, resolution from the Railway Mail Post, No. 23, American Legion, at St. Paul, Minn., asking that postmasters in first-, second-, and third-class offices be placed under civil service; to the Committee on the Post Office and Post Roads.

645. By Mr. JOHNSON of Texas: Resolution unanimously adopted by the Legislature of the State of Texas, urging removal of the Federal tax on gasoline; to the Committee on Ways and Means.

646. By Mr. JOHNSON of Minnesota: Petition protesting against House bill 3769, now in committee; to the Committee on Interstate and Foreign Commerce.

647. By Mr. KENNEY: Petition of unemployed associations of Bergen County, N.J.; to the Committee on Labor.

648. By Mr. LINDSAY: Petition of Creed A. Neeper, New York City, urging support and passage of the home mortgage bill, S. 1317; to the Committee on Banking and Currency.

649. Also, petition of National Fertilizer Association, Inc., Washington, D.C., concerning House bill 5081; to the Committee on Military Affairs.

650. Also, petition of National Association of Postal Supervisors, Branch 100, New York City, opposing retirement of Federal employees after 30 years' service; to the Committee on the Civil Service.

651. By Mr. RUDD: Petition of Creed A. Neeper, New York City, favoring the passage of Senate bill 1317, the home mortgage bill; to the Committee on Banking and Currency.

652. By Mr. WELCH: Petition of California State Legislature, Assembly Joint Resolution No. 24, relative to memorializing the Congress of the United States to enact a moratorium on foreclosures of real property mortgages and on sales under deeds of trust on real property; to the Committee on Banking and Currency.

653. Also, petition of California State Legislature, Assembly Joint Resolution No. 9, relative to memorializing Congress to adopt legislation with reference to manufacture of arms, munitions, and implements of war; to the Committee on Military Affairs.

## SENATE

MONDAY, APRIL 24, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. KENDRICK. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bone	Capper	Dickinson
Ashurst	Borah	Caraway	Dieterich
Austin	Bratton	Connally	Dill
Bachman	Brown	Coolidge	Duffy
Bailey	Bulkeley	Copeland	Erickson
Bankhead	Bulow	Costigan	Fletcher
Barbour	Byrd	Couzens	Frazier
Black	Byrnes	Cutting	George

Glass	Logan	Patterson	Thomas, Okla.
Goldsborough	Loneragan	Pittman	Thomas, Utah
Gore	Long	Pope	Townsend
Hale	McAdoo	Reed	Trammell
Harrison	McCarran	Reynolds	Tydings
Hastings	McGill	Robinson, Ind.	Vandenberg
Hatfield	McKellar	Russell	Van Nuys
Hayden	McNary	Schall	Wagner
Johnson	Murphy	Sheppard	Walcott
Kean	Norbeck	Shipstead	Wheeler
Kendrick	Norris	Smith	White
Keyes	Nye	Steiwer	
King	Overton	Stephens	

Mr. KENDRICK. I wish to announce that the Senator from Missouri [Mr. CLARK], the Senator from West Virginia [Mr. NEELY], the Senator from Arkansas [Mr. ROBINSON], the Senator from Kentucky [Mr. BARKLEY], and the Senator from Illinois [Mr. LEWIS] are necessarily detained from the Senate.

Mr. COOLIDGE. I wish to announce that my colleague the senior Senator from Massachusetts [Mr. WALSH] is absent on official business as a member of the Board of Visitors to the United States Naval Academy. I ask that this announcement may stand for the day.

Mr. CUTTING. I wish to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] will be absent from the Senate today on account of illness in his family. I desire this announcement to stand for the day.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

### FUNCTIONS OF THE TREASURY DEPARTMENT (S.DOC. NO. 42)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report of the functions of the Treasury Department, including accounting, disbursing, collecting, purchasing, and personnel administration, together with the authority for the performance of the several functions, and, insofar as practicable, the annual costs thereof, which, with the accompanying statements, was ordered to lie on the table and to be printed.

### FUNCTIONS OF THE RECONSTRUCTION FINANCE CORPORATION (S.DOC. NO. 41)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Reconstruction Finance Corporation, submitting, in response to Senate Resolution 351, Seventy-second Congress, a report of the various functions of the Reconstruction Finance Corporation, including accounting, disbursing, collecting, purchasing, and personnel, together with the authority for the performance of each function and the annual cost thereof, which, with the accompanying statements, was ordered to lie on the table and to be printed with illustrations.

### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorial of the Legislature of the State of Colorado, which was referred to the Committee on Appropriations:

Senate Joint Memorial 6 (by Senators Herrin, Knous, Sanders, Peiffer, Ehrhart, Smith, Hill, Rumbaugh, Houston, Nelson, Manly, Unfug)

A memorial memorializing the Congress of the United States to include adequate appropriations for the continued efficient maintenance of supervision of oil, gas, coal, and nonmetallic minerals operations by the Mineral Leasing Division of the United States Geological Survey

Whereas the Congress of the United States on February 25, 1920 (41 Stat. 437), on June 4, 1920 (41 Stat. 812), and March 4, 1923 (42 Stat. 1448), and under special agreement by the United States passed certain laws regulating production of oil, gas, coal, and nonmetallic minerals on the public domain; and

Whereas one of the provisions of the act of February 25, 1920, provides that 10 percent of all moneys collected as royalties, bonuses, and rentals shall be paid into the Treasury of the United States and credited as miscellaneous receipts, and that 37½ percent shall be paid by the Secretary of the Treasury after the expiration of the fiscal year to the State within the boundaries of which the leased lands or deposits are or were located, and that 52½ percent shall be paid into, reserved, and appropriated as a part of a reclamation fund created by act of Congress approved June 17, 1902; and

Whereas the State of Colorado and other Western States own a large number of tracts of land within and adjacent to the lands